UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 31, 2008

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number: 0-17085

PEREGRINE PHARMACEUTICALS, INC.
(Exact name of Registrant as specified in its charter)

Delaware	**95-3698422**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*
14282 Franklin Avenue, Tustin, California	**92780-7017**
(Address of principal executive offices)	*(Zip Code)*

(714) 508-6000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one)

Large Accelerated Filer	o	Accelerated Filer	☒
Non- Accelerated Filer (Do not check if a smaller reporting company)	o	Smaller reporting company	o

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes o No ☒

As of July 31, 2008, there were 226,210,617 shares of common stock, $0.001 par value, outstanding.

PEREGRINE PHARMACEUTICALS, INC.

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The terms "we," "us," "our," "the Company," and "Peregrine," as used in this Report on Form 10-Q refers to Peregrine Pharmaceuticals, Inc. and its wholly owned subsidiary, Avid Bioservices, Inc.

ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

PEREGRINE PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

	JULY 31, 2008	APRIL 30, 2008
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 9,963,000	$ 15,130,000
Trade and other receivables	2,099,000	605,000
Government contract receivables	1,794,000	-
Inventories, net	4,628,000	2,900,000
Prepaid expenses and other current assets	1,198,000	1,208,000
Total current assets	19,682,000	19,843,000
PROPERTY:		
Leasehold improvements	669,000	669,000
Laboratory equipment	4,140,000	4,140,000
Furniture, fixtures and office equipment	919,000	919,000
	5,728,000	5,728,000
Less accumulated depreciation and amortization	(3,803,000)	(3,670,000)
Property, net	1,925,000	2,058,000
Other assets	1,201,000	1,156,000
TOTAL ASSETS	$ 22,808,000	$ 23,057,000

PEREGRINE PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (continued)

	JULY 31, 2008	APRIL 30, 2008
	Unaudited	
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 3,134,000	$ 2,060,000
Accrued clinical trial site fees	305,000	237,000
Accrued legal and accounting fees	210,000	450,000
Accrued royalties and license fees	151,000	222,000
Accrued payroll and related costs	955,000	1,084,000
Capital lease obligation, current portion	22,000	22,000
Deferred revenue	4,021,000	2,196,000
Deferred government contract revenue	980,000	-
Customer deposits	1,898,000	838,000
Other current liabilities	336,000	331,000
Total current liabilities	12,012,000	7,440,000
Capital lease obligation, less current portion	16,000	22,000
Commitments and contingencies		
STOCKHOLDERS' EQUITY:		
Preferred stock-$.001 par value; authorized 5,000,000 shares; non-voting; nil shares outstanding	-	-
Common stock-$.001 par value; authorized 325,000,000 shares; outstanding – 226,210,617 and 226,210,617, respectively	226,000	226,000
Additional paid-in capital	246,476,000	246,205,000
Accumulated deficit	(235,922,000)	(230,836,000)
Total stockholders' equity	10,780,000	15,595,000
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 22,808,000	$ 23,057,000

See accompanying notes to condensed consolidated financial statements.

PEREGRINE PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	THREE MONTHS ENDED	
	July 31, 2008	**July 31, 2007**
	Unaudited	*Unaudited*
REVENUES:		
Contract manufacturing revenue	$ 1,193,000	$ 1,621,000
Government contract revenue	324,000	-
License revenue	-	4,000
Total revenues	1,517,000	1,625,000
COSTS AND EXPENSES:		
Cost of contract manufacturing	903,000	1,181,000
Research and development	4,068,000	3,624,000
Selling, general and administrative	1,706,000	1,708,000
Total costs and expenses	6,677,000	6,513,000
LOSS FROM OPERATIONS	(5,160,000)	(4,888,000)
OTHER INCOME (EXPENSE):		
Interest and other income	75,000	239,000
Interest and other expense	(1,000)	(7,000)
NET LOSS	$ (5,086,000)	$ (4,656,000)
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	226,210,617	206,071,568
BASIC AND DILUTED LOSS PER COMMON SHARE	$ (0.02)	$ (0.02)

See accompanying notes to condensed consolidated financial statements.

PEREGRINE PHARMACEUTICALS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	THREE MONTHS ENDED JULY 31,	
	2008	**2007**
	Unaudited	*Unaudited*
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (5,086,000)	$ (4,656,000)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	133,000	119,000
Share-based compensation	271,000	197,000
Changes in operating assets and liabilities:		
Trade and other receivables	(1,494,000)	(764,000)
Government contract receivables	(1,794,000)	-
Inventories, net	(1,728,000)	(447,000)
Prepaid expenses and other current assets	10,000	16,000
Accounts payable	1,074,000	(317,000)
Accrued clinical trial site fees	68,000	(115,000)
Accrued payroll and related costs	(129,000)	(210,000)
Deferred revenue	1,825,000	756,000
Deferred government contract revenue	980,000	-
Customer deposits	1,060,000	(464,000)
Other accrued expenses and current liabilities	(306,000)	(335,000)
Net cash used in operating activities	(5,116,000)	(6,220,000)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property acquisitions	-	(75,000)
(Increase) decrease in other assets	(45,000)	71,000
Net cash used in investing activities	(45,000)	(4,000)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock, net of issuance costs of $1,641,000 (2007)	-	20,931,000
Principal payments on notes payable and capital lease	(6,000)	(116,000)
Net cash (used in) provided by financing activities	(6,000)	20,815,000
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(5,167,000)	14,591,000
CASH AND CASH EQUIVALENTS, beginning of period	15,130,000	16,044,000
CASH AND CASH EQUIVALENTS, end of period	$ 9,963,000	$ 30,635,000

See accompanying notes to condensed consolidated financial statements.

1. BASIS OF PRESENTATION

The accompanying interim condensed consolidated financial statements include the accounts of Peregrine Pharmaceuticals, Inc. ("Peregrine"), a biopharmaceutical company developing a portfolio of clinical stage and pre-clinical product candidates using monoclonal antibodies ("MAb") for the treatment of cancer and viral diseases, and its wholly owned subsidiary, Avid Bioservices, Inc. ("Avid"), a bio-manufacturing company engaged in providing contract manufacturing services for Peregrine and outside customers on a fee-for-services basis (collectively, the "Company"). All intercompany balances and transactions have been eliminated.

In addition, the accompanying interim condensed consolidated financial statements are unaudited; however they contain all adjustments (consisting only of normal recurring adjustments) which, in the opinion of management, are necessary to present fairly the condensed consolidated financial position of the Company at July 31, 2008, and the condensed consolidated results of our operations and our condensed consolidated cash flows for the three-month periods ended July 31, 2008 and 2007. We prepared the condensed consolidated financial statements following the requirements of the Securities and Exchange Commission (or SEC) for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by U.S. generally accepted accounting principles (or GAAP) can be condensed or omitted. Although we believe that the disclosures in the financial statements are adequate to make the information presented herein not misleading, the information included in this quarterly report on Form 10-Q should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended April 30, 2008. Results of operations for interim periods covered by this quarterly report on Form 10-Q may not necessarily be indicative of results of operations for the full fiscal year.

Going Concern – Our interim condensed consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability of the recorded assets or the classification of liabilities that may be necessary should it be determined that we are unable to continue as a going concern.

At July 31, 2008, we had $9,963,000 in cash and cash equivalents. We have expended substantial funds on (i) the research, development and clinical trials of our product candidates, and (ii) funding the operations of Avid. As a result, we have historically experienced negative cash flows from operations since our inception and we expect to continue to experience negative cash flows from operations for the foreseeable future. Our net losses incurred during the past three fiscal years ended April 30, 2008, 2007 and 2006 amounted to $23,176,000, $20,796,000, and $17,061,000, respectively. Unless and until we are able to generate sufficient revenues from Avid's contract manufacturing services and/or from the sale and/or licensing of our products under development, we expect such losses to continue for the foreseeable future.

Therefore, our ability to continue our clinical trials and development efforts is highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to support our future operations.

We will need to raise additional capital through one or more methods, including equity or debt financings, in order to support the costs of our clinical and pre-clinical programs. As of July 31, 2008, we had an aggregate of 5,030,634 shares available under our existing effective Form S-3 registration statements for possible future registered transactions. In addition, we filed a separate shelf registration statement on Form S-3, File Number 333-139975, under which we may issue, from time to time, in one or more offerings, shares of our common stock for remaining gross proceeds of up to $7,500,000.

We may also raise additional capital though negotiating licensing or collaboration agreements for our technology platforms. In addition, Avid represents an additional asset in our portfolio and we are actively pursuing strategic initiatives for Avid as a means of raising additional capital.

Although we will continue to explore these potential opportunities, there can be no assurances that we will be successful in raising sufficient capital on terms acceptable to us, or at all, or that sufficient additional revenues will be generated from Avid or under potential licensing or partnering agreements or from a potential strategic transaction related to our subsidiary, Avid, to complete the research, development, and clinical testing of our product candidates. Based on our current projections, which include projected revenues from existing customers of Avid, combined with the projected revenues from our government contract, we believe we have sufficient cash on hand combined with amounts expected to be received from Avid customers and from our government contract to meet our obligations as they become due through at least fiscal year 2009. There are a number of uncertainties associated with our financial projections, including but not limited to, termination of contracts and technical challenges, which would reduce or delay our future projected cash-inflows. As a result, we would not have sufficient capital to operate our business through fiscal year 2009 unless we raise additional capital. The uncertainties surrounding our future cash inflows have raised substantial doubt regarding our ability to continue as a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition - We currently derive revenues primarily from contract manufacturing services provided by Avid and from services performed under a government contract awarded to Peregrine through the Transformational Medical Technologies Initiative (TMTI) of the U.S. Department of Defense's Defense Threat Reduction Agency (DTRA) that was signed on June 30, 2008.

We recognize revenues pursuant to the SEC's Staff Accounting Bulletin No. 104 ("SAB No. 104"), *Revenue Recognition*. In accordance with SAB No. 104, revenue is generally realized or realizable and earned when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectibility is reasonably assured.

In addition, we comply with Emerging Issues Task Force ("EITF") Issue No. 00-21, *Revenue Arrangements with Multiple Deliverables*, EITF No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*, and Accounting Research Bulletin No. 43 Chapter 11, *Government Contracts*.

Revenues associated with contract manufacturing services provided by Avid are generally recognized once the service has been provided and/or upon shipment of the product to the customer. We also record a provision for estimated contract losses, if any, in the period during which they are determined.

Our contract with the DTRA is a "cost-plus-fixed-fee" contract. Reimbursable costs under the contract primarily include direct labor, subcontract costs, materials, equipment, travel, indirect costs, and a fixed fee for our efforts. Revenue under this "cost-plus-fixed-fee" contract is recognized as we perform the underlying research and development activities. However, progress payments associated with contract manufacturing services performed under the DTRA contract are classified as Deferred Government Contract Revenue and are recognized as revenue upon delivery or transfer of legal title of the product to the DTRA.

Allowance for Doubtful Accounts - We continually monitor our allowance for doubtful accounts for all receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables and we estimate an allowance for doubtful accounts based on these factors at that point in time. As of July 31, 2008, based on our analysis of our accounts receivable balances and based on historical collectibility of receivables from our current customers, we determined no allowance for doubtful accounts was necessary.

Inventories – Inventories are stated at the lower of cost or market and primarily include raw materials, direct labor and overhead costs associated with our wholly owned subsidiary, Avid. Inventories consist of the following at July 31, 2008 and April 30, 2008:

	July 31, 2008	April 30, 2008
Raw materials	$ 1,664,000	$ 1,115,000
Work-in-process	2,964,000	1,785,000
Total inventories, net	$ 4,628,000	$ 2,900,000

Comprehensive Loss – Comprehensive loss is equal to net loss for all periods presented.

Reclassification – Certain amounts in the fiscal year 2008 condensed consolidated financial statements have been reclassified to conform to the current year presentation.

Customer Deposits – Customer deposits primarily represent advance billings and/or advance payments received from customers prior to the initiation of contract manufacturing services.

Basic and Dilutive Net Loss Per Common Share – Basic and dilutive net loss per common share are calculated in accordance with Statement of Financial Accounting Standards No. 128, *Earnings per Share*. Basic net loss per common share is computed by dividing our net loss by the weighted average number of common shares outstanding during the period excluding the dilutive effects of options and warrants (fiscal year 2008 only). Diluted net loss per common share is computed by dividing the net loss by the sum of the weighted average number of common shares outstanding during the period plus the potential dilutive effects of options and warrants (fiscal year 2008 only) outstanding during the period calculated in accordance with the treasury stock method, but are excluded if their effect is anti-dilutive. Because the impact of options and warrants are anti-dilutive during periods of net loss, there was no difference between basic and diluted loss per share amounts for the three months ended July 31, 2008 and 2007.

The calculation of weighted average diluted shares outstanding excludes the dilutive effect of options and warrants (fiscal year 2008 only) to purchase up to 332,140 and 840,752 shares of common stock for the three months ended July 31, 2008 and 2007, respectively, since the impact of such options and warrants are anti-dilutive during periods of net loss.

The calculation of weighted average diluted shares outstanding also excludes weighted average outstanding options and warrants (fiscal year 2008 only) to purchase up to 10,466,421 and 10,228,390 shares of common stock for the three months ended July 31, 2008 and 2007, respectively, as the exercise prices of those options were greater than the average market price of our common stock during the respective periods, resulting in an anti-dilutive effect.

Recent Accounting Pronouncements - In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 157 ("SFAS No. 157"), *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value under GAAP, and expands disclosures about fair value measurements. SFAS No. 157 establishes a three-level hierarchy that prioritizes the inputs used to measure fair value. The hierarchy defines the three levels of inputs to measure fair value, as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as assets or liabilities whose value are based on quoted market prices in markets where trading occurs infrequently or whose values are based on quoted prices of instruments with similar attributes in active markets.
- Level 3 – Unobservable inputs that are supported by little or no market activity and significant to the overall fair value measurement.

We adopted SFAS No. 157 on May 1, 2008, which did not have a material impact on our consolidated financial statements as we currently do not have any Level 2 or Level 3 financial assets or liabilities and cash and cash equivalents are carried at fair value based on quoted market prices for identical securities (Level 1 input).

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159 ("SFAS No. 159"), *The Fair Value Option for Financial Assets and Financial Liabilities – Including an amendment of FASB statement No. 115*. SFAS No. 159 permits entities to choose to measure many financial instruments and certain other items at fair value. If the fair value method is selected, a business entity shall report unrealized gains and losses on elected items in earnings at each subsequent reporting date. The standard also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. We adopted SFAS No. 159 on May 1, 2008, which did not have a material impact on our consolidated financial statements as the fair value option was not elected for any of our financial assets or financial liabilities.

In June 2007, the FASB ratified EITF Issue No. 07-3 ("EITF No. 07-3"), *Accounting for Non-Refundable Advance Payments for Goods or Services to Be Used in Future Research and Development Activities*, which requires nonrefundable advance payments for goods and services that will be used or rendered for future research and development activities be deferred and capitalized. These amounts will be recognized as expense in the period that the related goods are delivered or the related services are performed. We adopted the provisions of EITF No. 07-3 on May 1, 2008, which did not have a material impact on our consolidated financial statements.

In November 2007, the FASB ratified EITF Issue 07-01 ("EITF No. 07-01"), *Accounting for Collaborative Arrangements*, which defines collaborative arrangements and requires that revenues and costs incurred with third parties that do not participate in the collaborative arrangements be reported in the statement of operations gross or net pursuant to the guidance in EITF No. 99-19, *Reporting Revenue Gross as a Principal versus Net as an Agent*. Classification of payments made between participants of a collaborative arrangement are to be based on other applicable authoritative accounting literature or, in the absence of other applicable authoritative accounting literature, based on analogy to authoritative accounting literature or a reasonable, rational, and consistently applied accounting policy election. EITF No. 07-01 will be effective for fiscal years beginning after December 15, 2008, which we would be required to implement no later than May 1, 2009, and applied as a change in accounting principal to all prior periods retrospectively for all collaborative arrangements existing as of the effective date. We have not yet evaluated the potential impact of adopting EITF No. 07-01 on our consolidated financial statements.

3. SHARE-BASED COMPENSATION

We account for stock options granted under our equity compensation plans in accordance with Statement of Financial Accounting Standards No. 123R ("SFAS No. 123R"), *Share-Based Payment (Revised 2004*). SFAS No. 123R requires the recognition of compensation expense, using a fair value based method, for costs related to all share-based payments including grants of employee stock options. In addition, SFAS No. 123R requires companies to estimate the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense on a straight-line basis over the requisite service periods (typically 2 to 4 years).

The fair value of each option grant is estimated using the Black-Scholes option valuation model. The use of a valuation model requires us to make certain estimates and assumptions with respect to selected model inputs including estimated stock price volatility, risk-free interest rate, expected dividends and projected employee stock option exercise behaviors. In addition, SFAS No. 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Total share-based compensation expense related to employee stock option grants for the three months ended July 31, 2008 and 2007 are included in the accompanying condensed consolidated statements of operations as follows:

	Three Months Ended July 31, 2008	Three Months Ended July 31, 2007
Research and development	$ 141,000	$ 129,000
Selling, general and administrative	125,000	54,000
Total	$ 266,000	$ 183,000

As of July 31, 2008, the total estimated unrecognized compensation cost related to non-vested stock options was $1,727,000. This cost is expected to be recognized over a weighted average vesting period of 2.11 years based on current assumptions.

Periodically, we grant stock options to non-employee consultants. The fair value of options granted to non-employees are measured utilizing the Black-Scholes option valuation model and are amortized over the estimated period of service or related vesting period in accordance with EITF 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling, Goods or Services*. Share-based compensation expense recorded during the three months ended July 31, 2008 and 2007 associated with non-employees amounted to $5,000 and $14,000, respectively.

4. GOVERNMENT CONTRACT

On June 30, 2008, we were awarded a five-year contract potentially worth up to $44.4 million to test and develop bavituximab and an equivalent fully human antibody as potential broad-spectrum treatments for viral hemorrhagic fever infections. The initial contract was awarded through the Transformational Medical Technologies Initiative (TMTI) of the U.S. Department of Defense's Defense Threat Reduction Agency (DTRA). This federal contract is expected to provide us with up to $22.3 million in funding over a 24-month base period, with $5 million appropriated immediately for the current federal fiscal year ending September 30, 2008. The remainder of the $22.3 million in funding is expected to be appropriated over the remainder of the two-year base period ending June 29, 2010. Subject to the progress of the program and budgetary considerations in future years, the contract can be extended beyond the base period to cover up to $44.4 million in funding over the five-year contract period through three one-year option terms. Work under this contract commenced on June 30, 2008 and direct costs associated with the contract are included in research and development expense in the accompanying condensed consolidated statements of operations.

5. STOCKHOLDERS' EQUITY

On June 28, 2007, we entered into a Securities Purchase Agreement with several institutional investors whereby we sold 30,000,000 shares of our common stock in exchange for gross proceeds of $22,500,000. After deducting placement agent fees, legal fees and other costs associated with the offering, we received net proceeds of $20,859,000. The shares of common stock were issued from our shelf registration statement on Form S-3, File Number 333-139975 ("January 2007 Shelf"), which allows us to issue, in one or more offerings, shares of common stock for proceeds up to $30,000,000. As of July 31, 2008, we could raise up to $7,500,000 in remaining gross proceeds under the January 2007 Shelf.

In addition, as of July 31, 2008, an aggregate of 5,030,634 shares of common stock were available for issuance under two separate effective shelf registration statements.

As of July 31, 2008, we have reserved 20,837,989 additional shares of our common stock which may be issued under our shelf registration statements and stock option plans, excluding shares of common stock that could potentially be issued under the January 2007 Shelf, as further described in the following table:

	Number of Shares Reserved
Shares of common stock reserved for issuance under two registration statements	5,030,634
Shares of common stock reserved for issuance upon exercise of outstanding options	14,437,436
Shares of common stock reserved for future option grants under our Option Plans	1,369,919
Total shares of common stock reserved for issuance	20,837,989

6. WARRANTS

During the three months ended July 31, 2008, we had no outstanding warrants. During the three months ended July 31, 2007, warrants to purchase 53,416 shares of our common stock were exercised for net proceeds of $45,000.

7. SEGMENT REPORTING

Our business is organized into two reportable operating segments. Peregrine is engaged in the research and development of monoclonal antibody-based therapies for the treatment of cancer and viral infections. Avid is engaged in providing contract manufacturing services for Peregrine and outside customers on a fee-for-services basis.

The accounting policies of the operating segments are the same as those described in Note 2. We primarily evaluate the performance of our contract manufacturing services segment based on gross profit or loss. However, our products in research and development segment are not evaluated based on gross profit or loss, but rather based on scientific progress of the technologies. As such, gross profit is only provided for our cointract manufacturing services segment in the below table. All revenues shown below are derived from transactions with external customers.

Segment information is summarized as follows:

	Three Months Ended July 31,	
	2008	**2007**
Contract manufacturing services revenue	$ 1,193,000	$ 1,621,000
Cost of contract manufacturing services	903,000	1,181,000
Gross profit	290,000	440,000
Revenues from products in research and development	324,000	4,000
Research and development expense	(4,068,000)	(3,624,000)
Selling, general and administrative expense	(1,706,000)	(1,708,000)
Other income, net	74,000	232,000
Net loss	$ (5,086,000)	$ (4,656,000)

Revenues generated from our contract manufacturing services segment were from the following customers:

	Three Months Ended July 31,	
	2008	**2007**
Customer revenues as a % of revenues:		
United States (one customer)	84%	79%
Other customers	16%	21%
Total customer revenues as a % of revenues	100%	100%

Revenues generated from our products in research and development segment during the three months ended July 31, 2008 were from revenues earned under the government contract with the DTRA (Note 4). Revenues generated from our products in research and development segment during the three months ended July 31, 2007 were from the amortized portion of an up-front license fee received under a license agreement.

Our long-lived assets consist of leasehold improvements, laboratory equipment, and furniture, fixtures and computer equipment and are net of accumulated depreciation. Long-lived assets by segment consist of the following:

	July 31, 2008	**April 30, 2008**
Long-lived Assets, net:		
Contract manufacturing services	$ 1,716,000	$ 1,825,000
Products in research and development	209,000	233,000
Total long-lived assets, net	$ 1,925,000	$ 2,058,000

8. LITIGATION

In the ordinary course of business, we are at times subject to various legal proceedings and disputes. Although we currently are not aware of any such legal proceedings or claims that we believe will have, individually or in the aggregate, a material adverse effect on our business, operating results or cash flows, however, we did file or are involved with the following lawsuits:

On January 12, 2007, we filed a complaint in the Superior Court of the State of California for the County of Orange against Cancer Therapeutics Laboratories (“CTL”). The original complaint has been amended three times based on the ongoing discovery to include claims against Shanghai MediPharm and its related entities, and Alan Epstein, MD. The lawsuit alleges claims for breach of contract, interference with contractual relations, declaratory relief, and injunctive relief against the defendants. Peregrine's claims stem from a 1995 license agreement with CTL, and two amendments thereto (collectively referred to as the "License Agreement"). Peregrine claims that CTL breached the License Agreement by, among other things, (i) not sharing with Peregrine all inventions, technology, know-how, patents and other information, derived and/or developed in the People’s Republic of China and/or at the CTL laboratory, as was required under the License Agreement; (ii) not splitting revenue appropriately with Peregrine as required under the License Agreement; (iii) utilizing Peregrine's licensed technologies outside of the People’s Republic of China; and (iv) failing to enter a sublicense agreement with a Chinese sponsor obligating the Chinese sponsor to comply with the terms and obligations in the License Agreement. Peregrine further alleges that Medibiotech and Shanghai Medipharm Biotech Co., Ltd. ("Medipharm Entities") interfered with the License Agreement, leading to CTL's breaches. This interference by the Medipharm Entities includes: 1) posturing Shanghai Medipharm as the designated sublicensee under the License Agreement, without binding any of the Medipharm Entities to the terms and obligations of an appropriate sublicense agreement called for under the License Agreement; 2) entering into a license agreement with defendant Epstein ("Epstein License Agreement") instead of CTL; 3) restricting the information CTL was allowed to provide to Peregrine, thereby prohibiting CTL from providing to Peregrine all information required under the License Agreement; and 4) providing compensation to CTL, and its principals, so that CTL would enter agreements that prohibited CTL from performing under the License Agreement. These same monetary inducements also interfered with the 1999 Material Transfer Agreement between Peregrine and Dr. Epstein ("MTA"), and caused Dr. Epstein to breach the MTA. Dr. Epstein has attempted to have our claims against him referred to binding arbitration. The Superior Court has declined his request.

On March 28, 2007, CTL filed a cross-complaint, which it amended on May 30, 2007, alleging that the Company breached the Agreement, improperly terminated the Agreement, is interfering with CTL’s agreements with various MediPharm entities and is double-licensing the technology licensed to CTL to another party. CTL’s cross-complaint, which seeks $20 million in damages, is in part predicated on the existence of a sublicense agreement between CTL and MediPharm. We are challenging the cross-complaint on the basis that not only did CTL fail to allege an agreement with which the Company interfered, they have been unable to produce the alleged sublicense agreement with MediPharm despite our repeated demands.

On February 22, 2008, the MediPharm entities filed a cross-complaint alleging, as a third party beneficiary, that that the Company breached the Agreement by double-licensing the technology licensed to CTL to another party, intentionally interfered with a prospective economic advantage, and unjust enrichment. MediPharm’s cross-complaint, which seeks $30 million in damages, is in part predicated on MediPharm being the “Chinese Sponsor” under the Agreement. We intend to bring pre-trial motions to dispose of the MediPharm Cross-Complaint.

The discovery phase on the aforementioned cases is still ongoing. Until we complete the discovery phase and our objections are considered, we cannot estimate the magnitude of the claims of the parties against each other or probable outcome of the litigation.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, which represent our projections, estimates, expectations or beliefs concerning among other things, financial items that relate to management's future plans or objectives or to our future economic and financial performance. In some cases, you can identify these statements by terminology such as "may", "should", "plans", "believe", "will", "anticipate", "estimate", "expect" "project", or "intend", including their opposites or similar phrases or expressions. You should be aware that these statements are projections or estimates as to future events and are subject to a number of factors that may tend to influence the accuracy of the statements. These forward-looking statements should not be regarded as a representation by the Company or any other person that the events or plans of the Company will be achieved. You should not unduly rely on these forward-looking statements, which speak only as of the date of this Quarterly Report. We undertake no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this Quarterly Report or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks we describe in the reports we file from time to time with the Securities and Exchange Commission ("SEC") after the date of this Quarterly Report. Actual results may differ materially from any forward looking statement.

Company Overview

We are a clinical stage biopharmaceutical company developing monoclonal antibodies for the treatment of cancer and hepatitis C virus ("HCV") infection. We are advancing three separate clinical programs with our first-in-class compounds bavituximab and Cotara® that employ our two platform technologies: Anti-Phosphatidylserine ("Anti-PS") therapeutics and Tumor Necrosis Therapy ("TNT"). Our lead Anti-PS product, bavituximab, is being evaluated under two separate clinical programs for the treatment of solid cancers and hepatitis C virus ("HCV") infection. Under our TNT technology platform, our lead candidate Cotara®, is advancing through two clinical studies for the treatment of patients with brain cancer.

We are organized into two reportable operating segments: (i) Peregrine, the parent company, is engaged in the research and development of monoclonal antibody products for the treatment of cancer and viral infections and (ii) Avid Bioservices, Inc., ("Avid") a wholly owned subsidiary, is engaged in providing contract manufacturing services for Peregrine and outside customers on a fee-for-services basis.

Going Concern

The Company's consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability of the recorded assets or the classification of liabilities that may be necessary should it be determined that we are unable to continue as a going concern.

At July 31, 2008, we had $9,963,000 in cash and cash equivalents. We have expended substantial funds on (i) the research, development and clinical trials of our product candidates, and (ii) funding the operations of our wholly owned subsidiary, Avid Bioservices, Inc. As a result, we have historically experienced negative cash flows from operations since our inception and we expect to continue to experience negative cash flows from operations for the foreseeable future. Our net losses incurred during the past three fiscal years ended April 30, 2008, 2007 and 2006 amounted to $23,176,000, $20,796,000, and $17,061,000, respectively. Unless and until we are able to generate sufficient revenues from Avid's contract manufacturing services and/or from the sale and/or licensing of our products under development, we expect such losses to continue for the foreseeable future.

Therefore, our ability to continue our clinical trials and development efforts is highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to support our future operations. As discussed in Note 1 to the condensed consolidated financial statements, there exists substantial doubt regarding our ability to continue as a going concern.

We will need to raise additional capital through one or more methods, including equity or debt financings, in order to support the costs of our clinical and pre-clinical programs through one or more methods including either equity or debt financing. As of July 31, 2008, we had an aggregate of 5,030,634 shares available under our existing effective Form S-3 registration statements for possible future registered transactions. In addition, we filed a separate shelf registration statement on Form S-3, File Number 333-139975, under which we may issue, from time to time, in one or more offerings, shares of our common stock for remaining gross proceeds of up to $7,500,000.

We may also raise additional capital though negotiating licensing or collaboration agreements for our technology platforms. In addition, our wholly owned subsidiary Avid Bioservices, Inc., represents an additional asset in our portfolio and we are actively pursuing strategic initiatives for Avid as a means of raising additional capital.

Although we will continue to explore these potential opportunities, there can be no assurances that we will be successful in raising sufficient capital on terms acceptable to us, or at all, or that sufficient additional revenues will be generated from Avid or under potential licensing or partnering agreements or from a potential strategic transaction related to our subsidiary, Avid Bioservices, Inc. to complete the research, development, and clinical testing of our product candidates. Based on our current projections, which include projected revenues from existing customers of Avid Bioservices, Inc., combined with the projected revenues from our government contract, we believe we have sufficient cash on hand combined with amounts expected to be received from Avid customers and from our government contract to meet our obligations as they become due through at least fiscal year 2009. There are a number of uncertainties associated with our financial projections, including but not limited to, termination of contracts and technical challenges, which would reduce or delay our future projected cash-inflows. As a result, we would not have sufficient capital to operate our business through fiscal year 2009 unless we raise additional capital. The uncertainties surrounding our future cash inflows have raised substantial doubt regarding our ability to continue as a going concern.

Clinical Trial Programs

The following represents a summary of our ongoing clinical trial programs:

Product	Indication	Trial Design	Trial Status
Bavituximab	Solid tumor cancers	Phase I monotherapy repeat dose safety study designed to treat up to 28 patients.	Patient enrollment is continuing in this study.
Bavituximab plus docetaxel	Advanced breast cancer	Phase II study designed to treat up to 15 patients initially. Study may be expanded to treat up to a total of 46 patients if six or more objective tumor responses are observed in the initial 15 patients.	Patient enrollment for the first 15 patients is complete and the pre-defined primary endpoint of six or more objective tumor responses was achieved with seven of fourteen evaluable patients achieving objective tumor response at the first eight week evaluation point. The design of the clinical trial now allows for an additional 31 study patients to be enrolled. Patients are continuing to be monitored for secondary endpoints.
Bavituximab plus carboplatin and paclitaxel	Advanced breast cancer	Phase II study designed to treat up to 15 patients initially. Study may be expanded to treat up to a total of 46 patients if promising results are observed in the initial 15 patients.	Patient dosing was initiated in August 2008 and enrollment is continuing.
Bavituximab plus carboplatin and paclitaxel	Non-small cell lung cancer (NSCLC)	Phase II study designed to treat 21 patients initially. Study may be expanded to treat up to a total of 49 patients if promising results are observed in the initial 21 patients.	Patient dosing was initiated in June 2008 and enrollment is continuing.
Cotara	Glioblastoma multiforme (GBM)	Dosimetry and dose confirmation study designed to treat up to 12 patients with recurrent GBM.	Patient enrollment is continuing in this study.
Cotara	Glioblastoma multiforme (GBM)	Phase II safety and efficacy study to treat up to 40 patients at first relapse.	Patient enrollment is continuing in this study.
Bavituximab	Chronic hepatitis C virus (“HCV”) infection co-infected with HIV	Phase Ib repeat dose safety study designed to treat up to 24 patients.	Patient enrollment is continuing in this study.

Results of Operations

The following table compares the unaudited condensed consolidated statements of operations for the three-month periods ended July 31, 2008 and 2007. This table provides you with an overview of the changes in the condensed consolidated statements of operations for the comparative periods, which are further discussed below.

	Three Months Ended July 31,		
	2008	**2007**	**$ Change**
REVENUES:			
Contract manufacturing revenue	$ 1,193,000	$ 1,621,000	$ (428,000)
Government contract revenue	324,000	-	324,000
License revenue	-	4,000	(4,000)
Total revenues	1,517,000	1,625,000	(108,000)
COSTS AND EXPENSES:			
Cost of contract manufacturing	903,000	1,181,000	(278,000)
Research and development	4,068,000	3,624,000	444,000
Selling, general & administrative	1,706,000	1,708,000	(2,000)
Total costs and expenses	6,677,000	6,513,000	164,000
LOSS FROM OPERATIONS	(5,160,000)	(4,888,000)	(272,000)
OTHER INCOME (EXPENSE):			
Interest and other income	75,000	239,000	(164,000)
Interest and other expense	(1,000)	(7,000)	6,000
NET LOSS	$ (5,086,000)	$ (4,656,000)	$ (430,000)

Results of operations for interim periods covered by this quarterly report on Form 10-Q may not necessarily be indicative of results of operations for the full fiscal year.

Total Revenues.

The decrease in total revenues of $108,000 during the three months ended July 31, 2008 compared to the same period in the prior year was due to decreases in contract manufacturing revenue of $428,000 and license revenue of $4,000, which amounts were offset by a $324,000 increase in government contract revenue. The decrease in contract manufacturing revenue was primarily due to a decrease in services provided to unrelated entities on a fee-for-service basis including a decrease in the number of completed manufacturing runs compared to the same quarter in the prior year. This decrease was offset by an increase in government contract revenue associated with research and development services performed under our federal contract with the U.S. Department of Defense's Defense Threat Reduction Agency (DTRA).

We expect to continue to generate contract manufacturing revenue during the remainder of the current fiscal year based on the anticipated completion of in-process customer related projects and the anticipated demand for Avid's services under signed and outstanding proposals.

In addition, we expect to continue to generate government contract revenue associated with our federal contract with the DTRA, which was awarded to us on June 30, 2008 and is a five-year contract potentially worth up to $44.4 million to test and develop bavituximab and an equivalent fully human antibody as potential broad-spectrum treatments for viral hemorrhagic fever infections. The initial contract was awarded through the Transformational Medical Technologies Initiative (TMTI) of the U.S. Department of Defense's Defense Threat Reduction Agency (DTRA). This federal contract is expected to provide us with up to $22.3 million in funding over a 24-month base period, with $5 million appropriated immediately for the current federal fiscal year ending September 30, 2008. The remainder of the $22.3 million in funding is expected to be appropriated over the remainder of the two-year base period ending June 29, 2010. Subject to the progress of the program and budgetary considerations in future years, the contract can be extended beyond the base period to cover up to $44.4 million in funding over the five-year contract period through three one-year option terms.

Cost of Contract Manufacturing.

The decrease in cost of contract manufacturing of $278,000 during the three months ended July 31, 2008 compared to the same period in the prior year was directly related to the current quarter decrease in contract manufacturing revenue. We expect contract manufacturing costs to increase during the remainder of the current fiscal year based on the anticipated completion of customer projects under our current contract manufacturing agreements.

Research and Development Expenses.

The increase in research and development ("R&D") expenses of $444,000 during the three-month period ended July 31, 2008 compared to the same period in the prior year was primarily due to a net increase in expenses associated with each of our following platform technologies under development:

Technology Platform	*R&D Expenses- Quarter Ended July 31, 2008*	*R&D Expenses- Quarter Ended July 31, 2007*	*$ Change*
Anti-PS Immunotherapeutics (bavituximab)	$ 2,809,000	$ 2,294,000	$ 515,000
TNT (Cotara®)	1,155,000	709,000	446,000
VTA and Anti-Angiogenesis Agents	92,000	464,000	(372,000)
VEA	12,000	157,000	(145,000)
Total R&D Expenses	$ 4,068,000	$ 3,624,000	$ 444,000

- *Anti-Phosphatidylserine ("Anti-PS") Immunotherapeutics (bavituximab)* – The increase in Anti-PS Immunotherapeutics program expenses of $515,000 during the three months ended July 31, 2008 compared to the same period in the prior year is primarily due to an increase in clinical trial and manufacturing expenses to support the advancement of four clinical trials using bavituximab for the treatment of solid tumors and one clinical trial for the treatment of HCV patients co-infected with HIV.

- *Tumor Necrosis Therapy ("TNT") (Cotara®)* – The increase in TNT program expenses of $446,000 during the three months ended July 31, 2008 compared to the same period in the prior year is primarily due to increases in clinical trial and manufacturing expenses to support the continued advancement of our two ongoing Cotara® clinical trials for the treatment of brain cancer.

- *Vascular Targeting Agents ("VTAs") and Anti-Angiogenesis Agents* – The decrease in VTA and Anti-Angiogenesis Agents program expenses of $372,000 during the three months ended July 31, 2008 compared to the same period in the prior year is primarily due to our efforts to significantly curtail our development expenses associated with this program while focusing our efforts on seeking partners to further advance these technologies.

- *Vasopermeation Enhancement Agents ("VEAs")* – The decrease in VEA program expenses of $145,000 during the three months ended July 31, 2008 compared to the same period in the prior year is primarily due to our efforts to significantly curtail our development expenses associated with this program while focusing our efforts on seeking partners to further advance this technology.

Looking beyond the current fiscal year, it is extremely difficult for us to reasonably estimate all future research and development costs associated with each of our technologies due to the number of unknowns and uncertainties associated with pre-clinical and clinical trial development. These unknown variables and uncertainties include, but are not limited to:

- the uncertainty of future clinical trial results;
- the uncertainty of the ultimate number of patients to be treated in any current or future clinical trial;
- the uncertainty of the U.S. Food and Drug Administration allowing our studies to move forward from Phase I clinical studies to Phase II and Phase III clinical studies;
- the uncertainty of the rate at which patients are enrolled into any current or future study. Any delays in clinical trials could significantly increase the cost of the study and would extend the estimated completion dates;
- the uncertainty of future costs associated with our pre-clinical candidates, including Vascular Targeting Agents, Anti-Angiogenesis Agents, and Vasopermeation Enhancement Agents, which costs are dependent on the success of pre-clinical development. We are not certain whether these product candidates will be successful or whether we will incur any additional costs beyond pre-clinical development given our above stated intent to find partners to move these programs forward;
- the uncertainty of terms related to potential future partnering or licensing arrangements; and
- the uncertainty of protocol changes and modifications in the design of our clinical trial studies, which may increase or decrease our future costs.

We or our potential partners will need to do additional development and clinical testing prior to seeking any regulatory approval for commercialization of our product candidates as all of our products are in discovery, pre-clinical or clinical development. Testing, manufacturing, commercialization, advertising, promotion, exporting, and marketing, among other things, of our proposed products are subject to extensive regulation by governmental authorities in the United States and other countries. The testing and approval process requires substantial time, effort, and financial resources, and we cannot guarantee that any approval will be granted on a timely basis, if at all. Companies in the pharmaceutical and biotechnology industries have suffered significant setbacks in conducting advanced human clinical trials, even after obtaining promising results in earlier trials. Furthermore, the United States Food and Drug Administration may suspend clinical trials at any time on various grounds, including a finding that the subjects or patients are being exposed to an unacceptable health risk. Even if regulatory approval of a product is granted, such approval may entail limitations on the indicated uses for which it may be marketed. Accordingly, we or our potential partners may experience difficulties and delays in obtaining necessary governmental clearances and approvals to market our products.

Selling, General and Administrative Expenses.

Selling, general and administrative expenses consist primarily of payroll and related expenses, director fees, legal and accounting fees, share-based compensation expense, investor and public relation fees, insurance, and other expenses relating to the general management, administration, and business development activities of the Company.

Selling, general and administrative expenses during the three months ended July 31, 2008 remained in line with the same period in the prior year decreasing slightly by $2,000. The net decrease in selling, general and administrative expenses of $2,000 was primarily due to a decrease in corporate legal fees offset by an increase in payroll and related expenses. Corporate legal fees decreased $95,000 from $210,000 in the prior year three-month period to $115,000 in the current year three-month period primarily due to a decrease in legal fees associated with the lawsuit described in this Quarterly Report on Form 10-Q under Part II, Item 1, "Legal Proceedings", combined with a decrease in legal fees associated with general corporate matters. Payroll and related expenses increased $90,000 from $768,000 in the prior year three-month period to $858,000 in the current year three-month period primarily due to an increase in consulting fees associated with business development activities and other general corporate activities.

Interest and Other Income.

The decrease in interest and other income of $164,000 during the three months ended July 31, 2008 compared to the same period in the prior year was due to a $165,000 decrease in interest income as a result of a lower average cash balance on hand during the current year period compared to the prior year period.

Critical Accounting Policies

The methods, estimates, and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our condensed consolidated financial statements. We evaluate our estimates and judgments on an ongoing basis. We base our estimates on historical experience and on assumptions that we believe to be reasonable under the circumstances. Our experience and assumptions form the basis for our judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may vary from what we anticipate and different assumptions or estimates about the future could change our reported results. We believe the following accounting policies are the most critical to us, in that they are important to the portrayal of our financial statements and they require our most difficult, subjective or complex judgments in the preparation of our condensed consolidated financial statements:

Revenue Recognition

We recognize revenues pursuant to the SEC's Staff Accounting Bulletin No. 104 ("SAB No. 104"), *Revenue Recognition*. In accordance with SAB No. 104, revenue is generally realized or realizable and earned when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectibility is reasonably assured.

We also comply with Financial Accounting Standards Board's Emerging Issues Task Force No. 00-21 ("EITF 00-21"), *Revenue Arrangements with Multiple Deliverables*. In accordance with EITF 00-21, we recognize revenue for delivered elements only when the delivered element has stand-alone value and we have objective and reliable evidence of fair value for each undelivered element. If the fair value of any undelivered element included in a multiple element arrangement cannot be objectively determined, revenue is deferred until all elements are delivered and services have been performed, or until fair value can objectively be determined for any remaining undelivered elements.

In July 2000, the Emerging Issues Task Force ("EITF") released Issue 99-19 ("EITF 99-19"), *Reporting Revenue Gross as a Principal versus Net as an Agent*. EITF 99-19 summarized the EITF's views on when revenue should be recorded at the gross amount billed to a customer because it has earned revenue from the sale of goods or services, or the net amount retained (the amount billed to the customer less the amount paid to a supplier) because it has earned a fee or commission. In addition, the EITF released Issue 00-10 ("EITF 00-10"), *Accounting for Shipping and Handling Fees and Costs, and Issue 01-14* ("EITF 01-14"), *Income Statement Characterization of Reimbursements Received for "Out-of-Pocket" Expenses Incurred*. EITF 00-10 summarized the EITF's views on how the seller of goods should classify in the income statement amounts billed to a customer for shipping and handling and the costs associated with shipping and handling. EITF 01-14 summarized the EITF's views on when the reimbursement of out-of-pocket expenses should be characterized as revenue or as a reduction of expenses incurred. Our revenue recognition policies are in compliance with EITF 99-19, EITF 00-10 and EITF 01-14 whereby we record revenue for the gross amount billed to customers (the cost of raw materials, supplies, and shipping, plus the related handling mark-up fee) and we record the cost of the amounts billed as cost of sales as we act as a principal in these transactions.

Revenues associated with contract manufacturing services provided by Avid are generally recognized once the service has been provided and/or upon shipment of the product to the customer. We also record a provision for estimated contract losses, if any, in the period in which they are determined.

Revenues associated with licensing agreements primarily consist of nonrefundable up-front license fees and milestone payments. Revenues under licensing agreements are recognized based on the performance requirements of the agreement. Nonrefundable up-front license fees received under license agreements, whereby continued performance or future obligations are considered inconsequential to the relevant licensed technology, are generally recognized as revenue upon delivery of the technology. Nonrefundable up-front license fees, whereby we have an ongoing involvement or performance obligations, are recorded as deferred revenue and recognized as revenue over the term of the performance obligation or relevant agreement. Milestone payments are generally recognized as revenue upon completion of the milestone assuming there are no other continuing obligations. Under some license agreements, the obligation period may not be contractually defined. Under these circumstances, we must exercise judgment in estimating the period of time over which certain deliverables will be provided to enable the licensee to practice the license.

Revenues associated with our government contract are recognized in accordance with Accounting Research Bulletin No. 43 Chapter 11, *Government Contracts*. Our government contract with the U.S. Department of Defense's Defense Threat Reduction Agency (DTRA) is a "cost-plus-fixed-fee" contract. Reimbursable costs under the contract primarily include direct labor, subcontract costs, materials, equipment, travel, indirect costs, and a fixed fee for our efforts. Revenue under this "cost-plus-fixed-fee" contract is recognized as we perform the underlying research and development activities. However, progress payments associated with contract manufacturing services performed under the DTRA contract are classified as Deferred Government Contract Revenue and are recognized as revenue upon delivery or transfer of legal title of the product to the DTRA.

Share-based Compensation Expense

We currently maintain four equity compensation plans which provide for the granting of options to our employees to purchase shares of our common stock at exercise prices not less than the fair market value of our common stock at the date of grant. The granting of options are share-based payments and are subject to the fair value recognition provisions of Statement of Financial Accounting Standards No. 123R ("SFAS No. 123R"), *Share-Based Payment (Revised 2004)*, which requires the recognition of compensation expense, using a fair value based method, for costs related to all share-based payments including grants of employee stock options.

The fair value of each option grant is estimated using the Black-Scholes option valuation model and are amortized as compensation expense on a straight-line basis over the requisite service periods of the awards, which is generally the vesting period (typically 2 to 4 years). Use of a valuation model requires us to make certain estimates and assumptions with respect to selected model inputs. Expected volatility is based on daily historical volatility of our stock covering the estimated expected term. The expected term of options granted prior to November 1, 2007 was based on the expected time to exercise using the "simplified" method allowable under the Security and Exchange Commission's Staff Accounting Bulletin No. 107 ("SAB No. 107"). Effective November 1, 2007, the expected term reflects actual historical exercise activity and assumptions regarding future exercise activity of unexercised, outstanding options and is applied to all option grants subsequent to October 31, 2007. The risk-free interest rate is based on U.S. Treasury notes with terms within the contractual life of the option at the time of grant. In addition, SFAS No. 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

Our loss from operations for the three-month periods ended July 31, 2008 and 2007 included share-based compensation expense of $266,000 and $183,000, respectively. We believe that non-cash share-based compensation expense for the remaining nine months of fiscal year 2009 may be up to approximately $609,000 based on actual shares granted and unvested as of July 31, 2008. However, the actual expense may differ materially from this estimate as a result of changes in a number of factors that affect the amount of non-cash compensation expense, including the number of options granted by our Board of Directors during the remainder of the fiscal year, the price of our common stock on the date of grant, the volatility of our stock price, the estimate of the expected life of options granted and the risk-free interest rates.

As of July 31, 2008, the total estimated unrecognized compensation cost related to non-vested stock options was $1,727,000. This cost is expected to be recognized over a weighted average period of 2.11 years.

Allowance for Doubtful Accounts

We continually monitor our allowance for doubtful accounts for all receivables. A considerable amount of judgment is required in assessing the ultimate realization of these receivables and we estimate an allowance for doubtful accounts based on these factors at that point in time. As of July 31, 2008, based on our analysis of our accounts receivable balances and based on historical collectibility of receivables from our current customers, we determined no allowance for doubtful accounts was necessary.

Liquidity and Capital Resources

At July 31, 2008, we had $9,963,000 in cash and cash equivalents. We have expended substantial funds on (i) the research, development and clinical trials of our product candidates, and (ii) funding the operations of our wholly owned subsidiary, Avid Bioservices, Inc. As a result, we have historically experienced negative cash flows from operations since our inception and we expect the negative cash flows from operations to continue for the foreseeable future. Our net losses incurred during the past three fiscal years ended April 30, 2008, 2007 and 2006 amounted to $23,176,000, $20,796,000, and $17,061,000, respectively. Unless and until we are able to generate sufficient revenues from Avid's contract manufacturing services and/or from the sale and/or licensing of our products under development, we expect such losses to continue for the foreseeable future.

Therefore, our ability to continue our clinical trials and development efforts is highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to support our future operations. As discussed in Note 1 to the condensed consolidated financial statements, there exists substantial doubt regarding our ability to continue as a going concern.

We will need additional capital to support the costs of our clinical and pre-clinical programs through one or more methods including either equity or debt financing. As of July 31, 2008, we had an aggregate of approximately 5,030,634 shares available under our existing effective Form S-3 registration statements for possible future registered transactions. In addition, we filed a separate shelf registration statement on Form S-3, File Number 333-139975, under which we may issue, from time to time, in one or more offerings, shares of our common stock for remaining gross proceeds of up to $7,500,000.

We may also raise additional capital though negotiating licensing or collaboration agreements for our technology platforms. In addition, our wholly owned subsidiary Avid Bioservices, Inc., represents an additional asset in our portfolio and we are actively pursuing strategic initiatives for Avid as a means of raising additional capital.

Although we will continue to explore these potential opportunities, there can be no assurances that we will be successful in raising sufficient capital on terms acceptable to us, or at all, or that sufficient additional revenues will be generated from Avid or under potential licensing or partnering agreements or from a potential strategic transaction related to our subsidiary, Avid Bioservices, Inc. to complete the research, development, and clinical testing of our product candidates. Based on our current projections, which includes projected revenues from existing customers of Avid Bioservices, Inc., combined with the projected revenues from our government contract, we believe we have sufficient cash on hand combined with amounts expected to be received from Avid customers and from our government contract to meet our obligations as they become due through at least fiscal year 2009. There are a number of uncertainties associated with our financial projections, including but not limited to, termination of contracts and technical challenges, which could significantly reduce or delay our future projected cash-inflows. As a result, we would not have sufficient capital to operate our business through fiscal year 2009 unless we raised additional capital. The uncertainties surrounding our future cash inflows have raised substantial doubt regarding our ability to continue as a going concern.

Significant components of the changes in cash flows from operating, investing, and financing activities for the three months ended July 31, 2008 compared to the same prior year period are as follows:

Cash Used In Operating Activities. Cash used in operating activities is primarily driven by changes in our net loss. However, cash used in operating activities generally differs from our reported net loss as a result of non-cash operating expenses or differences in the timing of cash flows as reflected in the changes in operating assets and liabilities. During the three months ended July 31, 2008, cash used in operating activities decreased $1,104,000 to $5,116,000 compared to $6,220,000 for the three months ended July 31, 2007. This decrease in net cash used in operating activities was primarily due to a net change in operating assets and payment or reduction of liabilities in the aggregate amount of $1,446,000. This amount was offset by an increase of $342,000 in our net loss reported in the current quarter after taking into consideration non-cash operating expenses. The increase in our current quarter net loss was primarily due to a current quarter increase in research and development expenses.

The changes in operating activities as a result of non-cash operating expenses or differences in the timing of cash flows as reflected by the changes in operating assets and liabilities are as follows:

	THREE MONTHS ENDED	
	July 31, 2008	**July 31, 2007**
Net loss, as reported	$ (5,086,000)	$ (4,656,000)
Less non-cash expenses and adjustments to net loss:		
Depreciation and amortization	133,000	119,000
Share-based compensation	271,000	197,000
Net cash used in operating activities before changes in operating assets and liabilities	$ (4,682,000)	$ (4,340,000)
Net change in operating assets and liabilities	$ (434,000)	$ (1,880,000)
Net cash used in operating activities	$ (5,116,000)	$ (6,220,000)

Cash Used In Investing Activities. Net cash used in investing activities increased $41,000 to $45,000 for the three months ended July 31, 2008 compared to net cash used of $4,000 for the three months ended July 31, 2007. This increase was due to a net increase in other assets of $116,000 primarily due to the reclassification of a $67,000 security deposit from other long-term assets to other current assets during the prior year three-month period ended July 31, 2007 combined with a $45,000 current year period increase in long-term deposits, which amounts were offset by a decrease in property acquisitions of $75,000.

Cash (Used In) Provided By Financing Activities. Net cash provided by financing activities decreased $20,821,000 for the three months ended July 31, 2008 compared to the same prior year period. During the three months ended July 31, 2008, we incurred $6,000 in principal payments on notes payable compared to $116,000 paid in the same prior year period, or a decrease of $110,000. This amount was offset by cash provided from financing activities in the three months ended July 31, 2007 in the amount of $20,931,000. In the prior year period, we entered into a security purchase agreement whereby we sold and issued a total of 30,000,000 shares of our common stock in exchange for net proceeds of $20,859,000. This amount was supplemented with net proceeds of $72,000 from the exercise of stock options and warrants.

Commitments

At July 31, 2008, we had no material capital commitments.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Changes in United States interest rates would affect the interest earned on our cash and cash equivalents. Based on our overall interest rate exposure at July 31, 2008, a near-term change in interest rates, based on historical movements, would not materially affect the fair value of interest rate sensitive instruments. Our debt instruments, which consist of capital leases, have fixed interest rates and terms and, therefore, a significant change in interest rates would not have a material adverse effect on our financial position or results of operations.

ITEM 4. CONTROLS AND PROCEDURES

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are designed to ensure that information required to be disclosed in its reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In designing and evaluating the disclosure controls and procedures, management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures.

The Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures as of July 31, 2008, the end of the period covered by this Quarterly Report. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that its disclosure controls and procedures were effective at the reasonable assurance level as of July 31, 2008.

There were no significant changes in the Company's internal controls over financial reporting, during the quarter ended July 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

In the ordinary course of business, we are at times subject to various legal proceedings and disputes. Although we currently are not aware of any such legal proceedings or claim that we believe will have, individually or in the aggregate, a material adverse effect on our business, operating results or cash flows, however, we did file or are involved with the following lawsuits:

On January 12, 2007, we filed a complaint in the Superior Court of the State of California for the County of Orange against Cancer Therapeutics Laboratories (“CTL”). The original complaint has been amended three times based on the ongoing discovery to include claims against Shanghai MediPharm and its related entities, and Alan Epstein, MD. The lawsuit alleges claims for breach of contract, interference with contractual relations, declaratory relief, and injunctive relief against the defendants. Peregrine's claims stem from a 1995 license agreement with CTL, and two amendments thereto (collectively referred to as the "License Agreement"). Peregrine claims that CTL breached the License Agreement by, among other things, (i) not sharing with Peregrine all inventions, technology, know-how, patents and other information, derived and/or developed in the People’s Republic of China and/or at the CTL laboratory, as was required under the License Agreement; (ii) not splitting revenue appropriately with Peregrine as required under the License Agreement; (iii) utilizing Peregrine's licensed technologies outside of the People’s Republic of China; and (iv) failing to enter a sublicense agreement with a Chinese sponsor obligating the Chinese sponsor to comply with the terms and obligations in the License Agreement. Peregrine further alleges that Medibiotech and Shanghai Medipharm Biotech Co., Ltd. ("Medipharm Entities") interfered with the License Agreement, leading to CTL's breaches. This interference by the Medipharm Entities includes: 1) posturing Shanghai Medipharm as the designated sublicensee under the License Agreement, without binding any of the Medipharm Entities to the terms and obligations of an appropriate sublicense agreement called for under the License Agreement; 2) entering into a license agreement with defendant Epstein ("Epstein License Agreement") instead of CTL; 3) restricting the information CTL was allowed to provide to Peregrine, thereby prohibiting CTL from providing to Peregrine all information required under the License Agreement; and 4) providing compensation to CTL, and its principals, so that CTL would enter agreements that prohibited CTL from performing under the License Agreement. These same monetary inducements also interfered with the 1999 Material Transfer Agreement between Peregrine and Dr. Epstein ("MTA"), and caused Dr. Epstein to breach the MTA. Dr. Epstein has attempted to have our claims against him referred to binding arbitration. The Superior Court has declined his request.

On March 28, 2007, CTL filed a cross-complaint, which it amended on May 30, 2007, alleging that the Company breached the Agreement, improperly terminated the Agreement, is interfering with CTL’s agreements with various MediPharm entities and is double-licensing the technology licensed to CTL to another party. CTL’s cross-complaint, which seeks $20 million in damages, is in part predicated on the existence of a sublicense agreement between CTL and MediPharm. We are challenging the cross-complaint on the basis that not only did CTL fail to allege an agreement with which the Company interfered, they have been unable to produce the alleged sublicense agreement with MediPharm despite our repeated demands.

On February 22, 2008, the MediPharm entities filed a cross-complaint alleging, as a third party beneficiary, that the Company breached the Agreement by double-licensing the technology licensed to CTL to another party, intentionally interfered with a prospective economic advantage, and unjust enrichment. MediPharm’s cross-complaint, which seeks $30 million in damages, is in part predicated on MediPharm being the “Chinese Sponsor” under the Agreement. We intend to bring pre-trial motions to dispose of the MediPharm Cross-Complaint.

The discovery phase on the aforementioned cases is still ongoing. Until we complete the discovery phase and our objections are considered, we cannot estimate the magnitude of the claims of the parties against each other or probable outcome of the litigation.

ITEM 1A. RISK FACTORS

The following risk factors below update, and should be considered in addition to, the risk factors previously disclosed by us in Part 1, Item 1A of our Annual Report for the fiscal year ended April 30, 2008.

If We Cannot Obtain Additional Funding, Our Product Development And Commercialization Efforts May Be Reduced Or Discontinued And We May Not Be Able To Continue Operations.

At July 31, 2008, we had $9,963,000 in cash and cash equivalents. We have expended substantial funds on (i) the research, development and clinical trials of our product candidates, and (ii) funding the operations of our wholly owned subsidiary, Avid Bioservices, Inc. As a result, we have historically experienced negative cash flows from operations since our inception and we expect to continue to experience negative cash flows from operations for the foreseeable future. Our net losses incurred during the past three fiscal years ended April 30, 2008, 2007 and 2006 amounted to $23,176,000, $20,796,000, and $17,061,000, respectively. Unless and until we are able to generate sufficient revenues from Avid’s contract manufacturing services and/or from the sale and/or licensing of our products under development, we expect such losses to continue for the foreseeable future.

Therefore, our ability to continue our clinical trials and development efforts is highly dependent on the amount of cash and cash equivalents on hand combined with our ability to raise additional capital to support our future operations. As discussed in Note 1 to the condensed consolidated financial statements, there exists substantial doubt regarding our ability to continue as a going concern.

We will need to raise additional capital through one or more methods, including equity or debt financings, in order to support the costs of our clinical and pre-clinical programs. If we raise additional capital through the issuance of debt securities, the debt securities may be secured and any interest and principal payments would reduce the amount of cash available to operate and grow our business. If we raise additional capital through the issuance of equity securities, such issuances will likely cause dilution to our stockholders, particularly if we are required to do so during periods when our common stock is trading at historically low price levels. As of July 31, 2008, we had an aggregate of approximately 5,030,634 shares available under our existing effective Form S-3 registration statements for possible future registered transactions. In addition, we filed a separate shelf registration statement on Form S-3, File Number 333-139975, under which we may issue, from time to time, in one or more offerings, shares of our common stock for remaining gross proceeds of up to $7,500,000.

We may also raise additional capital though negotiating licensing or collaboration agreements for our technology platforms. In addition, our wholly owned subsidiary Avid Bioservices, Inc., represents an additional asset in our portfolio and we are actively pursuing strategic initiatives for Avid as a means of raising additional capital.

Although we will continue to explore these potential opportunities, there can be no assurances that we will be successful in raising sufficient capital on terms acceptable to us, or at all, or that sufficient additional revenues will be generated from Avid or under potential licensing or partnering agreements or from a potential strategic transaction related to our subsidiary, Avid Bioservices, Inc. to complete the research, development, and clinical testing of our product candidates. Based on our current projections, which includes projected revenues from existing customers of Avid Bioservices, Inc., combined with the projected revenues from our government contract, we believe we have sufficient cash on hand combined with amounts expected to be received from Avid customers and from our government contract to meet our obligations as they become due through at least fiscal year 2009. There are a number of uncertainties associated with our financial projections, including but not limited to, termination of contracts and technical challenges, which would reduce or delay our future projected cash-inflows. As a result, we would not have sufficient capital to operate our business through fiscal year 2009 unless we raise additional capital.

We Have Had Significant Losses And We Anticipate Future Losses.

We have incurred net losses in most fiscal years since we began operations in 1981. The following table represents net losses incurred for the three months ended July 31, 2008 and for each of the past three fiscal years:

	Net Loss
Three months ended July 31, 2008 (unaudited)	$ 5,086,000
Fiscal Year 2008	$ 23,176,000
Fiscal Year 2007	$ 20,796,000
Fiscal Year 2006	$ 17,061,000

As of July 31, 2008, we had an accumulated deficit of $235,922,000. While we expect to continue to generate revenues from Avid's contract manufacturing services, in order to achieve and sustain profitable operations, we must successfully develop and obtain regulatory approval for our products, either alone or with others, and must also manufacture, introduce, market and sell our products. The costs associated with clinical trials and product manufacturing is very expensive and the time frame necessary to achieve market success for our products is long and uncertain. We do not expect to generate product or royalty revenues for at least the next two years, and we may never generate product and/or royalty revenues sufficient to become profitable or to sustain profitability.

The Sale Of Substantial Shares Of Our Common Stock May Depress Our Stock Price.

As of July 31, 2008, there were approximately 226,211,000 shares of our common stock outstanding. Substantially all of these shares are eligible for trading in the public market, subject in some cases to volume and other limitations. The market price of our common stock may decline if our common stockholders sell a large number of shares of our common stock in the public market, or the market perceives that such sales may occur.

We could also issue up to 20,837,989 additional shares of our common stock that are reserved for future issuance under our shelf registration statements and stock option plans, as further described in the following table:

	Number of Shares of Common Stock Reserved For Issuance
Shares reserved for issuance under two effective shelf registration statements	5,030,634
Common shares reserved for issuance upon exercise of outstanding options or reserved for future option grants under our stock incentive plans	15,807,355
Total	20,837,989

In addition, the above table does not include shares of common stock that we have available to issue from the registration statement we filed during January 2007 on Form S-3, File Number 333-139975, under which we may issue, from time to time, in one or more offerings, shares of our common stock for remaining gross proceeds of up to $7,500,000.

Of the total options outstanding as of July 31, 2008, approximately 1,080,000 options would be considered dilutive to stockholders because we would receive an amount per share which is less than the market price of our common stock at July 31, 2008.

In addition, we will need to raise substantial additional capital in the future to fund our operations. If we raise additional funds by issuing equity securities, the market price of our securities may decline and our existing stockholders may experience significant dilution.

Our Highly Volatile Stock Price And Trading Volume May Adversely Affect The Liquidity Of Our Common Stock.

The market price of our common stock and the market prices of securities of companies in the biotechnology sector have generally been highly volatile and are likely to continue to be highly volatile.

The following table shows the high and low sales price and trading volume of our common stock for each quarter in the three fiscal years ended April 30, 2008, and our fiscal quarter ended July 31, 2008:

	Common Stock Sales Price		Common Stock Daily Trading Volume (000's omitted)	
	High	**Low**	**High**	**Low**
Fiscal Year 2009				
Quarter Ended July 31, 2008	$0.53	$0.31	2,997	103
Fiscal Year 2008				
Quarter Ended April 30, 2008	$0.73	$0.35	3,846	130
Quarter Ended January 31, 2008	$0.65	$0.35	3,111	140
Quarter Ended October 31, 2007	$0.79	$0.54	2,631	169
Quarter Ended July 31, 2007	$1.40	$0.72	21,653	237
Fiscal Year 2007				
Quarter Ended April 30, 2007	$1.26	$0.86	6,214	408
Quarter Ended January 31, 2007	$1.39	$1.09	4,299	203
Quarter Ended October 31, 2006	$1.48	$1.12	3,761	277
Quarter Ended July 31, 2006	$1.99	$1.30	23,790	429
Fiscal Year 2006				
Quarter Ended April 30, 2006	$1.76	$1.20	9,922	391
Quarter Ended January 31, 2006	$1.40	$0.88	12,152	251
Quarter Ended October 31, 2005	$1.28	$0.91	4,619	156
Quarter Ended July 31, 2005	$1.31	$0.92	7,715	178

The market price of our common stock may be significantly impacted by many factors, including, but not limited to:

- announcements of technological innovations or new commercial products by us or our competitors;
- publicity regarding actual or potential clinical trial results relating to products under development by us or our competitors;
- our financial results or that of our competitors, including our abilities to continue as a going concern;
- the offering and sale of shares of our common stock at a discount under an equity transaction;
- changes in our capital structure, including but not limited to any potential reverse stock split;
- published reports by securities analysts;
- announcements of licensing agreements, joint ventures, strategic alliances, and any other transaction that involves the sale or use of our technologies or competitive technologies;
- developments and/or disputes concerning our patent or proprietary rights;
- regulatory developments and product safety concerns;
- general stock trends in the biotechnology and pharmaceutical industry sectors;
- public concerns as to the safety and effectiveness of our products;
- economic trends and other external factors, including but not limited to, interest rate fluctuations, economic recession, inflation, foreign market trends, national crisis, and disasters; and
- healthcare reimbursement reform and cost-containment measures implemented by government agencies.

These and other external factors have caused and may continue to cause the market price and demand for our common stock to fluctuate substantially, which may limit or prevent investors from readily selling their shares of common stock, and may otherwise negatively affect the liquidity of our common stock.

The Liquidity Of Our Common Stock Will Be Adversely Affected If Our Common Stock Is Delisted From The Nasdaq Capital Market.

Our common stock is presently traded on The Nasdaq Capital Market. To maintain inclusion on The Nasdaq Capital Market, we must continue to meet the following six listing requirements:

1. Net tangible assets of at least $2,500,000 or market capitalization of at least $35,000,000 or net income of at least $500,000 in either our latest fiscal year or in two of our last three fiscal years;
2. Public float of at least 500,000 shares;
3. Market value of our public float of at least $1,000,000;
4. A minimum closing bid price of $1.00 per share of common stock, without falling below this minimum bid price for a period of thirty consecutive trading days;
5. At least two market makers; and
6. At least 300 stockholders, each holding at least 100 shares of common stock.

On July 25, 2007, we received a deficiency notice from The NASDAQ Stock Market notifying us that we had not met the $1.00 minimum closing bid price requirement for thirty consecutive trading days as required under NASDAQ listing rules. According to the NASDAQ notice, we were automatically afforded an initial "compliance period" of 180 calendar days, or until January 22, 2008, to regain compliance with this requirement. After the initial 180 calendar day period, we remained noncompliant with the minimum closing bid price requirement but because we were in compliance with all other initial listing requirements, we were afforded an additional "compliance period" of 180 calendar days, or until July 21, 2008. Because we did not regain compliance, i.e., the closing bid price of the Company's common stock did not meet or exceed $1.00 per share for a minimum of ten (10) consecutive business day prior to July 21, 2008, on July 22, 2008 we received a notice from The NASDAQ Stock Market indicating that we were not in compliance with the minimum bid price requirement for continued listing, and as a result our common stock is subject to delisting. On July 28, 2008, we requested a hearing with the NASDAQ Listing Qualifications Panel ("Panel") to review the delisting determination. Our request for a hearing will stay the delisting pending a decision by the Panel. The oral hearing took place September 4, 2008 in which we presented to the Panel our definitive plan to achieve and sustain long-term compliance with the listing requirements of the NASDAQ Capital Market. If the Panel agrees, it has discretion to grant us a conditional listing (exemption) for an additional period of time not to exceed the earlier of 90 days from the date of its decision or 180 days from the date of the delisting notification. Such conditional listing (exemption) will allow us time to conduct our 2008 annual meeting of stockholders and to seek stockholder approval an amendment to our certificate of incorporation to effect a reverse stock split. If such amendment to our certificate of incorporation is approved by the stockholders, we will then have time to file the amendment to effect the reverse split and thereafter have a closing bid price of at least $1.00 for a minimum of ten (10) consecutive business days, provided we have not otherwise regained compliance. We expect a written final response from the Panel within 30 days from September 4, 2008.

We intend to pursue all available options to ensure our continued listing on the Nasdaq Stock Market. Although we currently meet all other Nasdaq listing requirements, the market price of our common stock has generally been highly volatile and we cannot guarantee that we will be able to regain compliance with the minimum closing bid price requirement within the required compliance period. If we fail to regain compliance with the minimum closing bid price requirement or fail to comply with any other The Nasdaq Capital Market listing requirements, the market value of our common stock could fall and holders of common stock would likely find it more difficult to dispose of the common stock.

If our common stock is delisted, we would apply to have our common stock quoted on the over-the-counter electronic bulletin board. Upon any such delisting, our common stock would become subject to the regulations of the Securities and Exchange Commission relating to the market for penny stocks. A penny stock, as defined by the Penny Stock Reform Act, is any equity security not traded on a national securities exchange that has a market price of less than $5.00 per share. The penny stock regulations generally require that a disclosure schedule explaining the penny stock market and the risks associated therewith be delivered to purchasers of penny stocks and impose various sales practice requirements on broker-dealers who sell penny stocks to persons other than established customers and accredited investors. The broker-dealer must make a suitability determination for each purchaser and receive the purchaser's written agreement prior to the sale. In addition, the broker-dealer must make certain mandated disclosures, including the actual sale or purchase price and actual bid offer quotations, as well as the compensation to be received by the broker-dealer and certain associated persons. The regulations applicable to penny stocks may severely affect the market liquidity for our common stock and could limit your ability to sell your securities in the secondary market.

If We Effect A Reverse Stock Split The Liquidity of Our Common Stock And Market Capitalization Could Be Adversely Affected.

A reverse stock split is often viewed negatively by the market and, consequently, can lead to a decrease in our overall market capitalization. If the per share market price does not increase proportionately as a result of the reverse split, then the value of our company as measured by our market capitalization will be reduced, perhaps significantly. In addition, because the reverse split will significantly reduce the number of shares of our common stock that are outstanding, the liquidity of our common stock could be adversely affected and you may find it more difficult to purchase or sell shares of our common stock.

Successful Development Of Our Products Is Uncertain. To Date, No Revenues Have Been Generated From The Commercial Sale Of Our Products And Our Products May Not Generate Revenues In The Future.

Our development of current and future product candidates is subject to the risks of failure inherent in the development of new pharmaceutical products and products based on new technologies. These risks include:

- delays in product development, clinical testing or manufacturing;
- unplanned expenditures in product development, clinical testing or manufacturing;
- failure in clinical trials or failure to receive regulatory approvals;
- emergence of superior or equivalent products;
- inability to manufacture on our own, or through others, product candidates on a commercial scale;
- inability to market products due to third party proprietary rights; and
- failure to achieve market acceptance.

Because of these risks, our research and development efforts or those of our partners may not result in any commercially viable products. If significant portions of these development efforts are not successfully completed, required regulatory approvals are not obtained, or any approved products are not commercially successful, our business, financial condition and results of operations may be materially harmed.

Because we have not begun the commercial sale of any of our products, our revenue and profit potential is unproven and our limited operating history makes it difficult for an investor to evaluate our business and prospects. Our technology may not result in any meaningful benefits to our current or potential partners. No revenues have been generated from the commercial sale of our products, and our products may not generate revenues in the future. Our business and prospects should be considered in light of the heightened risks and unexpected expenses and problems we may face as a company in an early stage of development in a new and rapidly evolving industry.

Our Product Development Efforts May Not Be Successful.

Our product candidates have not received regulatory approval and are generally in research, pre-clinical and various clinical stages of development. If the results from any of the clinical trials are poor, those results may adversely affect our ability to raise additional capital or obtain regulatory approval to conduct additional clinical trials, which will affect our ability to continue full-scale research and development for our antibody technologies. In addition, our product candidates may take longer than anticipated to progress through clinical trials, or patient enrollment in the clinical trials may be delayed or prolonged significantly, thus delaying the clinical trials. Patient enrollment is a function of many factors, including the size of the patient population, the nature of the protocol, the proximity of patients to the clinical sites, and the eligibility criteria for the study. In addition, because our Cotara® product currently in clinical trials represents a departure from more commonly used methods for cancer treatment, potential patients and their doctors may be inclined to use conventional therapies, such as chemotherapy, rather than enroll patients in our clinical study.

Clinical Trials Required For Our Product Candidates Are Expensive And Time Consuming, And Their Outcome Is Uncertain.

In order to obtain FDA approval to market a new drug product, we or our potential partners must demonstrate proof of safety and efficacy in humans. To meet these requirements, we or our potential partners will have to conduct extensive pre-clinical testing and "adequate and well-controlled" clinical trials. Conducting clinical trials is a lengthy, time-consuming and expensive process. The length of time may vary substantially according to the type, complexity, novelty and intended use of the product candidate, and often can be several years or more per trial. Delays associated with products for which we are directly conducting pre-clinical or clinical trials may cause us to incur additional operating expenses. Moreover, we may continue to be affected by delays associated with the pre-clinical testing and clinical trials of certain product candidates conducted by our partners over which we have no control. The commencement and rate of completion of clinical trials may be delayed by many factors, including, for example:

- obtaining regulatory approval to commence a clinical trial;
- reaching agreement on acceptable terms with prospective contract research organizations, or CROs, and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- slower than expected rates of patient recruitment due to narrow screening requirements;
- the inability of patients to meet FDA or other regulatory authorities imposed protocol requirements;
- the inability to retain patients who have initiated a clinical trial but may be prone to withdraw due to various clinical or personal reasons, or who are lost to further follow-up;
- the inability to manufacture sufficient quantities of qualified materials under current good manufacturing practices, or cGMPs, for use in clinical trials;
- the need or desire to modify our manufacturing processes;
- the inability to adequately observe patients after treatment;
- changes in regulatory requirements for clinical trials;
- the lack of effectiveness during the clinical trials;
- unforeseen safety issues;
- delays, suspension, or termination of the clinical trials due to the institutional review board responsible for overseeing the study at a particular study site; and
- government or regulatory delays or "clinical holds" requiring suspension or termination of the trials.

Even if we obtain positive results from pre-clinical or initial clinical trials, we may not achieve the same success in future trials. Clinical trials may not demonstrate statistically sufficient safety and effectiveness to obtain the requisite regulatory approvals for product candidates employing our technology.

Clinical trials that we conduct or that third-parties conduct on our behalf may not demonstrate sufficient safety and efficacy to obtain the requisite regulatory approvals for any of our product candidates. We expect to commence new clinical trials from time to time in the course of our business as our product development work continues. The failure of clinical trials to demonstrate safety and effectiveness for our desired indications could harm the development of that product candidate as well as other product candidates. Any change in, or termination of, our clinical trials could materially harm our business, financial condition and results of operations.

Our International Clinical Trials May Be Delayed Or Otherwise Adversely Impacted By Social, Political And Economic Factors Affecting The Particular Foreign Country.

We are presently conducting clinical trials in India and the Republic of Georgia. Our ability to successfully initiate, enroll and complete a clinical trial in either country, or in any future foreign country in which we may initiate a clinical trial, are subject to numerous risks unique to conducting business in foreign countries, including:

- difficulty in establishing or managing relationships with clinical research organizations and physicians;
- different standards for the conduct of clinical trials and/or health care reimbursement;
- our inability to locate qualified local consultants, physicians, and partners;
- the potential burden of complying with a variety of foreign laws, medical standards and regulatory requirements, including the regulation of pharmaceutical products and treatment; and
- general geopolitical risks, such as political and economic instability, and changes in diplomatic and trade relations.

Because we will be conducting a number of our Phase II clinical trials in India and the Republic of Georgia and potentially other foreign countries, any disruption to our international clinical trial program could significantly delay our product development efforts. In addition, doing business in the Republic of Georgia, which is in Eastern Europe, involves other significant risks which could materially and adversely affect our business as there remains a high degree of political instability in many parts of Eastern Europe.

Success In Early Clinical Trials May Not Be Indicative Of Results Obtained In Later Trials.

A number of new drugs and biologics have shown promising results in initial clinical trials, but subsequently failed to establish sufficient safety and effectiveness data to obtain necessary regulatory approvals. Data obtained from pre-clinical and clinical activities are subject to varying interpretations, which may delay, limit or prevent regulatory approval.

Positive results from pre-clinical studies and our Phase I clinical trials should not be relied upon as evidence that later or larger-scale clinical trials will succeed. The Phase I studies we have completed to date have been designed to primarily assess safety in a small number of patients. The limited results we have obtained may not predict results for any future studies and also may not predict future therapeutic benefit. We will be required to demonstrate through larger-scale clinical trials that bavituximab and Cotara® are safe and effective for use in a diverse population before we can seek regulatory approval for their commercial sale. There is typically an extremely high rate of attrition from the failure of drug candidates proceeding through clinical trials.

In addition, regulatory delays or rejections may be encountered as a result of many factors, including changes in regulatory policy during the period of product development.

If We Successfully Develop Products But Those Products Do Not Achieve And Maintain Market Acceptance, Our Business Will Not Be Profitable.

Even if bavituximab, Cotara®, or any future product candidate is approved for commercial sale by the FDA or other regulatory authorities, the degree of market acceptance of any approved product candidate by physicians, healthcare professionals and third-party payors and our profitability and growth will depend on a number of factors, including:

- our ability to provide acceptable evidence of safety and efficacy;
- relative convenience and ease of administration;
- the prevalence and severity of any adverse side effects;
- availability of alternative treatments;
- pricing and cost effectiveness;
- effectiveness of our or our collaborators' sales and marketing strategy; and
- our ability to obtain sufficient third-party insurance coverage or reimbursement.

In addition, if bavituximab, Cotara®, or any future product candidate that we discover and develop does not provide a treatment regimen that is more beneficial than the current standard of care or otherwise provide patient benefit, that product likely will not be accepted favorably by the market. If any products we may develop do not achieve market acceptance, then we may not generate sufficient revenue to achieve or maintain profitability.

In addition, even if our products achieve market acceptance, we may not be able to maintain that market acceptance over time if new products or technologies are introduced that are more favorably received than our products, are more cost effective or render our products obsolete.

If We Cannot License Or Sell Cotara®, It May Be Delayed Or Never Be Further Developed.

We have completed Phase I and Phase I/II studies with Cotara® for the treatment of brain cancer. In addition, we are currently conducting a dose confirmation and dosimetry clinical trial in patients with recurrent glioblastoma multiforme ("GBM") in the U.S. In June 2007, we opened enrollment in a Phase II safety and efficacy study in India using a single administration of the drug through an optimized delivery method. Taken together, the current U.S. study along with data collected from the Phase II safety and efficacy study in India should provide the safety, dosimetry and efficacy data that will support the final design of the larger Phase III study. Once we complete these two Cotara® studies for the treatment of GBM, substantial financial resources will be needed to complete the final part of the trial and any additional supportive clinical studies necessary for potential product approval. We do not presently have the financial resources internally to complete the larger Phase III study. We therefore intend to continue to seek a licensing or funding partner for Cotara®, and hope that the data from the U.S. and the Phase II study in India will enhance our opportunities of finding such partner. If a partner is not found for this technology, we may not be able to advance the project past its current state of development. Because there are a limited number of companies which have the financial resources, the internal infrastructure, the technical capability and the marketing infrastructure to develop and market a radiopharmaceutical based oncology drug, we may not find a suitable partnering candidate for Cotara®. We also cannot ensure that we will be able to find a suitable licensing partner for this technology. Furthermore, we cannot ensure that if we do find a suitable licensing partner, the financial terms that they propose will be acceptable to the Company.

Our Dependency On Our Radiolabeling Suppliers May Negatively Impact Our Ability To Complete Clinical Trials And Market Our Products.

We have procured our antibody radioactive isotope combination services ("radiolabeling") for Cotara® with Iso-tex Diagnostics, Inc. for all U.S. clinical trials and with the Board of Radiation & Isotope Technology ("BRIT") for our Phase II study in India. If either of these suppliers is unable to continue to qualify its respective facility or radiolabel and supply our antibody in a timely manner, our current clinical trials using radiolabeling technology could be adversely affected and significantly delayed. While there are other suppliers for radioactive isotope combination services in the U.S., our clinical trial would be delayed for up to twelve to eighteen months because it may take that amount of time to certify a new facility under current Good Manufacturing Practices and qualify the product, plus we would incur significant costs to transfer our technology to another vendor. In addition, the number of facilities that can perform these radiolabeling services is very limited. Prior to commercial distribution of any of our products, if approved, we will be required to identify and contract with a company for commercial antibody manufacturing and radioactive isotope combination services. An antibody that has been combined with a radioactive isotope, such as Iodine-131, cannot be stored for long periods of time, as it must be used within one week of being radiolabeled to be effective. Accordingly, any change in our existing or future contractual relationships with, or an interruption in supply from, any such third-party service provider or antibody supplier could negatively impact our ability to complete ongoing clinical trials conducted by us or a potential licensing partner.

Our Manufacturing Facilities May Not Continue To Meet Regulatory Requirements And Have Limited Capacity.

Before approving a new drug or biologic product, the FDA requires that the facilities at which the product will be manufactured be in compliance with current Good Manufacturing Practices, or cGMP requirements. To be successful, our therapeutic products must be manufactured for development and, following approval, in commercial quantities, in compliance with regulatory requirements and at acceptable costs. Currently, we manufacture all pre-clinical and clinical material through Avid Bioservices, our wholly owned subsidiary. While we believe our current facilities are adequate for the manufacturing of product candidates for clinical trials, our facilities may not be adequate to produce sufficient quantities of any products for commercial sale.

If we are unable to establish and maintain a manufacturing facility or secure third-party manufacturing capacity within our planned time frame and cost parameters, the development and sales of our products, if approved, may be materially harmed.

We may also encounter problems with the following:

- production yields;
- quality control and quality assurance;
- shortages of qualified personnel;
- compliance with FDA or other regulatory authorities regulations, including the demonstration of purity and potency;
- changes in FDA or other regulatory authorities requirements;
- production costs; and/or
- development of advanced manufacturing techniques and process controls.

In addition, we or any third-party manufacturer will be required to register the manufacturing facilities with the FDA and other regulatory authorities, provided it had not already registered. The facilities will be subject to inspections confirming compliance with cGMP or other regulations. If any of our third-party manufacturers or we fail to maintain regulatory compliance, the FDA can impose regulatory sanctions including, among other things, refusal to approve a pending application for a new drug product or biologic product, or revocation of a pre-existing approval. As a result, our business, financial condition and results of operations may be materially harmed.

We Currently Depend On a Government Contract To Partially Fund Our Research And Development Efforts. If Our Current Government Funding Is Reduced Or Delayed, Our Drug Development Efforts May Be Negatively Affected.

On June 30, 2008, we were awarded up to a five-year contract potentially worth up to $44.4 million to test and develop bavituximab and an equivalent fully human antibody as potential broad-spectrum treatments for viral hemorrhagic fever infections. The initial contract was awarded through the Transformational Medical Technologies Initiative (TMTI) of the U.S. Department of Defense's Defense Threat Reduction Agency (DTRA). This federal contract is expected to provide us with up to $22.3 million in funding over a 24-month base period, with $5 million appropriated immediately for the current federal fiscal year ending September 30, 2008. The remainder of the $22.3 million in funding is expected to be appropriated over the remainder of the two-year base period ending June 29, 2010. Subject to the progress of the program and budgetary considerations in future years, the contract can be extended beyond the base period to cover up to $44.4 million in funding over the five-year contract period. Work under this contract commenced on June 30, 2008. If we do not receive the expected funding under this contract, we may not be able to develop therapeutics to treat hemorrhagic fever virus infection nor otherwise receive the other indirect benefits that may be derived from receipt of the full funding under this contract.

We May Have Significant Product Liability Exposure Because We Maintain Only Limited Product Liability Insurance.

We face an inherent business risk of exposure to product liability claims in the event that the administration of one of our drugs during a clinical trial adversely affects or causes the death of a patient. Although we maintain product liability insurance for clinical studies in the amount of $3,000,000 per occurrence or $3,000,000 in the aggregate on a claims-made basis, this coverage may not be adequate. Product liability insurance is expensive, difficult to obtain and may not be available in the future on acceptable terms, if at all. Our inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims in excess of our insurance coverage, if any, or a product recall, could negatively impact our financial position and results of operations.

In addition, the contract manufacturing services that we offer through Avid expose us to an inherent risk of liability as the antibodies or other substances manufactured by Avid, at the request and to the specifications of our customers, could possibly cause adverse effects or have product defects. We obtain agreements from our customers indemnifying and defending us from any potential liability arising from such risk. There can be no assurance that such indemnification agreements will adequately protect us against potential claims relating to such contract manufacturing services or protect us from being named in a possible lawsuit. Although Avid has procured insurance coverage, there is no guarantee that we will be able to maintain our existing coverage or obtain additional coverage on commercially reasonable terms, or at all, or that such insurance will provide adequate coverage against all potential claims to which we might be exposed. A partially successful or completely uninsured claim against Avid would have a material adverse effect on our consolidated operations.

If We Are Unable To Obtain, Protect And Enforce Our Patent Rights, We May Be Unable To Effectively Protect Or Exploit Our Proprietary Technology, Inventions And Improvements.

Our success depends in part on our ability to obtain, protect and enforce commercially valuable patents. We try to protect our proprietary positions by filing United States and foreign patent applications related to our proprietary technology, inventions and improvements that are important to developing our business. However, if we fail to obtain and maintain patent protection for our proprietary technology, inventions and improvements, our competitors could develop and commercialize products that would otherwise infringe upon our patents.

Our patent position is generally uncertain and involves complex legal and factual questions. Legal standards relating to the validity and scope of claims in the biotechnology and biopharmaceutical fields are still evolving. Accordingly, the degree of future protection for our patent rights is uncertain. The risks and uncertainties that we face with respect to our patents include the following:

- the pending patent applications we have filed or to which we have exclusive rights may not result in issued patents or may take longer than we expect to result in issued patents;
- the claims of any patents that issue may not provide meaningful protection;
- we may be unable to develop additional proprietary technologies that are patentable;
- the patents licensed or issued to us may not provide a competitive advantage;
- other parties may challenge patents licensed or issued to us;
- disputes may arise regarding the invention and corresponding ownership rights in inventions and know-how resulting from the joint creation or use of intellectual property by us, our licensors, corporate partners and other scientific collaborators; and
- other parties may design around our patented technologies.

We May Become Involved In Lawsuits To Protect Or Enforce Our Patents That Would Be Expensive And Time Consuming.

In order to protect or enforce our patent rights, we may initiate patent litigation against third parties. In addition, we may become subject to interference or opposition proceedings conducted in patent and trademark offices to determine the priority and patentability of inventions. The defense of intellectual property rights, including patent rights through lawsuits, interference or opposition proceedings, and other legal and administrative proceedings, would be costly and divert our technical and management personnel from their normal responsibilities. An adverse determination of any litigation or defense proceedings could put our pending patent applications at risk of not being issued.

Furthermore, because of the substantial amount of discovery required in connection with intellectual property litigation, there is a risk that some of our confidential information could be compromised by disclosure during this type of litigation. For example, during the course of this kind of litigation, confidential information may be inadvertently disclosed in the form of documents or testimony in connection with discovery requests, depositions or trial testimony. This disclosure could have a material adverse effect on our business and our financial results.

We May Not Be Able To Compete With Our Competitors In The Biotechnology Industry Because Many Of Them Have Greater Resources Than We Do And They Are Further Along In Their Development Efforts.

The pharmaceutical and biotechnology industry is intensely competitive and subject to rapid and significant technological change. Many of the drugs that we are attempting to discover or develop will be competing with existing therapies. In addition, we are aware of several pharmaceutical and biotechnology companies actively engaged in research and development of antibody-based products that have commenced clinical trials with, or have successfully commercialized, antibody products. Some or all of these companies may have greater financial resources, larger technical staffs, and larger research budgets than we have, as well as greater experience in developing products and running clinical trials. We expect to continue to experience significant and increasing levels of competition in the future. In addition, there may be other companies which are currently developing competitive technologies and products or which may in the future develop technologies and products that are comparable or superior to our technologies and products.

We are conducting the Cotara® dose confirmation and dosimetry clinical trial for the treatment of recurrent glioblastoma multiforme (“GBM”), the most aggressive form of brain cancer. Approved treatments for brain cancer include the Gliadel® Wafer (polifeprosan 20 with carmustine implant) from MGI Pharma, Inc. and Temodar® (temozolomide) from Schering-Plough Corporation. Gliadel® is inserted in the tumor cavity following surgery and releases a chemotherapeutic agent over time. Temodar® is administered orally to patients with brain cancer.

Because Cotara® targets brain tumors from the inside out, it is a novel treatment dissimilar from other drugs in development for this disease. Some products in development may compete with Cotara® should they become approved for marketing. These products include, but are not limited to: Neuradiab, a radiolabeled anti-tenascin monoclonal antibody sponsored by Bradmer Pharmaceuticals, CDX-110, a peptide vaccine under development by Celldex, cilengitide in newly diagnosed GBM patients being evaluated by Merk KGaA, and cediranib for patients with recurrent GBM being developed by AstraZeneca. In addition, oncology products marketed for other indications such as Gleevec® (Novartis), Tarceva® (Genentech/OSI), Avastin® (Genentech) and Nexavar® (Bayer), are being tested in clinical trials for the treatment of brain cancer.

Bavituximab is currently in clinical trials for the treatment of advanced solid cancers. There are a number of possible competitors with approved or developmental targeted agents used in combination with standard chemotherapy for the treatment of cancer, including but not limited to, Avastin® by Genentech, Inc., Gleevec® by Novartis, Tarceva® by OSI Pharmaceuticals, Inc. and Genentech, Inc., Erbitux® by ImClone Systems Incorporated and Bristol-Myers Squibb Company, Rituxan® and Herceptin® by Genentech, Inc., and Vectibix™ by Amgen. There are a significant number of companies developing cancer therapeutics using a variety of targeted and non-targeted approaches. A direct comparison of these potential competitors will not be possible until bavituximab advances to later-stage clinical trials.

In addition, we are evaluating bavituximab for the treatment of HCV. Bavituximab is a first-in-class approach for the treatment of HCV. We are aware of no other products in development targeting phosphatidylserine as a potential therapy for HCV. There are a number of companies that have products approved and on the market for the treatment of HCV, including but not limited to: Peg-Intron® (pegylated interferon-alpha-2b), Rebetol® (ribavirin), and Intron-A (interferon-alpha-2a), which are marketed by Schering-Plough Corporation, and Pegasys® (pegylated interferon-alpha-2a), Copegus® (ribavirin USP) and Roferon-A® (interferon-alpha-2a), which are marketed by Roche Pharmaceuticals, and Infergen® (interferon alfacon-1) now marketed by Three Rivers Pharmaceuticals, LLC. First line treatment for HCV has changed little since alpha interferon was first introduced in 1991. The current standard of care for HCV includes a combination of an alpha interferon (pegylated or non-pegylated) with ribavirin. This combination therapy is generally associated with considerable toxicity including flu-like symptoms, hematologic changes and central nervous system side effects including depression. It is not uncommon for patients to discontinue alpha interferon therapy because they are unable to tolerate the side effects of the treatment.

Future treatments for HCV are likely to include a combination of these existing products used as adjuncts with products now in development. Later-stage developmental treatments include improvements to existing therapies, such as Albuferon™ (albumin interferon) from Human Genome Sciences, Inc. and Viramidine™ (taribavirin), a prodrug analog of ribavirin being developed by Valeant Pharmaceuticals International. Other developmental approaches include, but are not limited to, protease inhibitors such as telaprevir from Vertex Pharmaceuticals Incorporated and boceprevir from Schering-Plough Corporation.

If We Lose Qualified Management And Scientific Personnel Or Are Unable To Attract And Retain Such Personnel, We May Be Unable To Successfully Develop Our Products Or We May Be Significantly Delayed In Developing Our Products.

Our success is dependent, in part, upon a limited number of key executive officers, each of whom is an at-will employee, and also upon our scientific researchers. For example, because of his extensive understanding of our technologies and product development programs, the loss of Mr. Steven W. King, our President & Chief Executive Officer and Director, would adversely affect our development efforts and clinical trial programs during the six to twelve month period that we estimate it would take to find and train a qualified replacement.

We also believe that our future success will depend largely upon our ability to attract and retain highly-skilled research and development and technical personnel. We face intense competition in our recruiting activities, including competition from larger companies with greater resources. We do not know if we will be successful in attracting or retaining skilled personnel. The loss of certain key employees or our inability to attract and retain other qualified employees could negatively affect our operations and financial performance.

Our Governance Documents And State Law Provide Certain Anti-Takeover Measures Which Will Discourage A Third Party From Seeking To Acquire Us Unless Approved By the Board of Directors.

We adopted a shareholder rights plan, commonly referred to as a “poison pill,” on March 16, 2006. The purpose of the shareholder rights plan is to protect stockholders against unsolicited attempts to acquire control of us that do not offer a fair price to our stockholders as determined by our Board of Directors. Under the plan, the acquisition of 15% or more of our outstanding common stock by any person or group, unless approved by our board of directors, will trigger the right of our stockholders (other than the acquiror of 15% or more of our common stock) to acquire additional shares of our common stock, and, in certain cases, the stock of the potential acquiror, at a 50% discount to market price, thus significantly increasing the acquisition cost to a potential acquiror. In addition, our certificate of incorporation and by-laws contain certain additional anti-takeover protective devices. For example,

- no stockholder action may be taken without a meeting, without prior notice and without a vote; solicitations by consent are thus prohibited;
- special meetings of stockholders may be called only by our Board of Directors; and
- our Board of Directors has the authority, without further action by the stockholders, to fix the rights and preferences, and issue shares, of preferred stock. An issuance of preferred stock with dividend and liquidation rights senior to the common stock and convertible into a large number of shares of common stock could prevent a potential acquiror from gaining effective economic or voting control.

Further, we are subject to Section 203 of the Delaware General Corporation Law which, subject to certain exceptions, restricts certain transactions and business combinations between a corporation and a stockholder owning 15% or more of the corporation's outstanding voting stock for a period of three years from the date the stockholder becomes a 15% stockholder.

Although we believe these provisions and our rights plan collectively provide for an opportunity to receive higher bids by requiring potential acquirers to negotiate with our Board of Directors, they would apply even if the offer may be considered beneficial by some stockholders. In addition, these provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board of Directors, which is responsible for appointing the members of our management.

ITEM 2. **UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.** None.

ITEM 3. **DEFAULTS UPON SENIOR SECURITIES.** None.

ITEM 4. **SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.** None

ITEM 5. **OTHER INFORMATION.** None.

ITEM 6. **EXHIBITS.**

(a) Exhibits:

10.110	Government contract by and between Peregrine Pharmaceuticals, Inc. and the Defense Threat Reduction Agency dated June 30, 2008.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

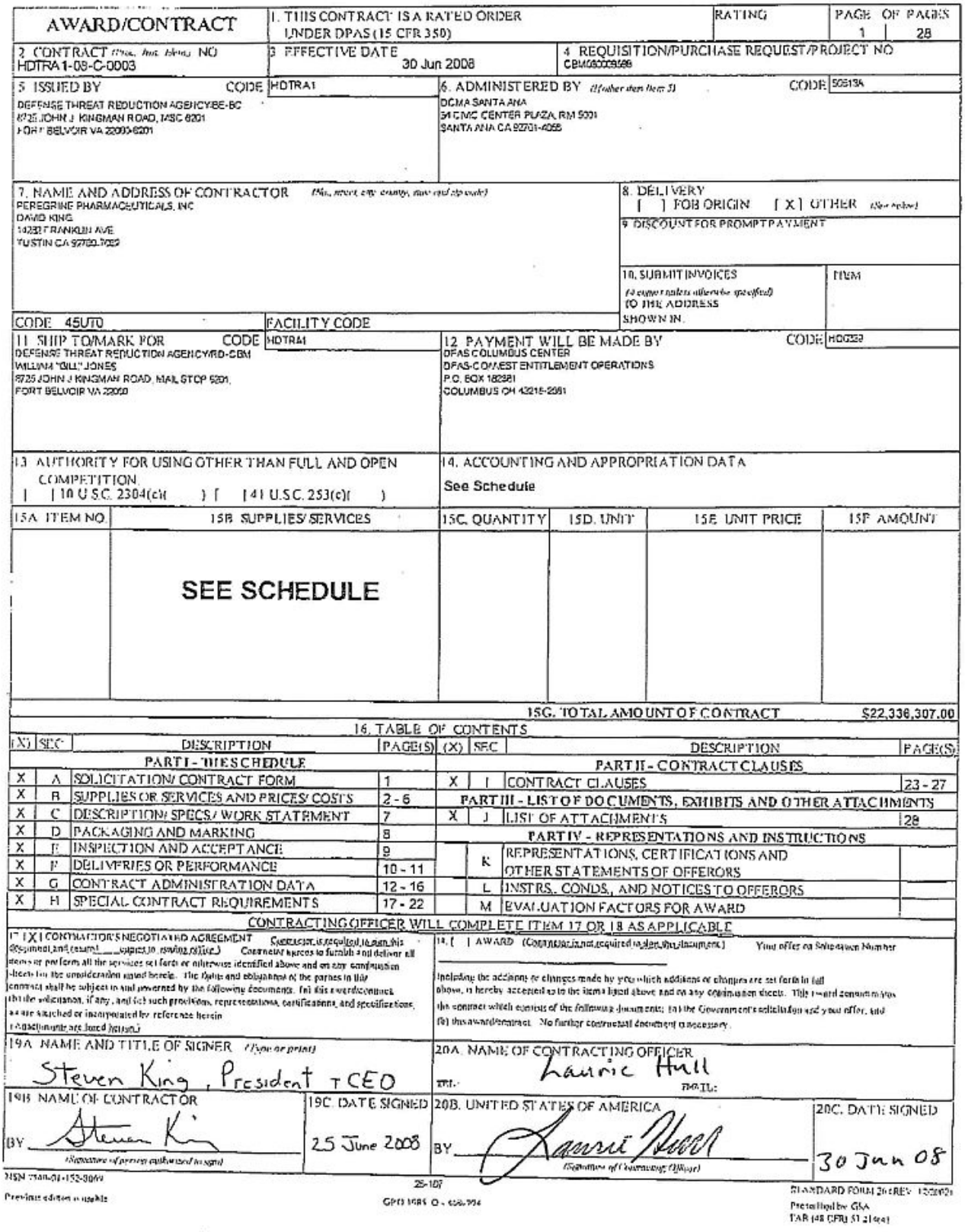
Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PEREGRINE PHARMACEUTICALS, INC.

Date: September 8, 2008 By: /s/ STEVEN W. KING
Steven W. King
President, Chief Executive Officer, and Director

Date: September 8, 2008 By: /s/ PAUL J. LYTLE
Paul J. Lytle
Chief Financial Officer
(signed both as an officer duly authorized to sign on behalf of the Registrant and principal financial officer and chief accounting officer)

Exhibit 10.110



AWARD/CONTRACT	1. THIS CONTRACT IS A RATED ORDER UNDER DPAS (15 CFR 350)	RATING	PAGE OF PAGES 1 | 28

2. CONTRACT (Proc. Inst. Ident.) NO	3. EFFECTIVE DATE	4. REQUISITION/PURCHASE REQUEST/PROJECT NO
HDTRA1-08-C-0003	30 Jun 2008	CBM08009566

5. ISSUED BY	CODE	6. ADMINISTERED BY (If other than Item 5)	CODE
DEFENSE THREAT REDUCTION AGENCY/BE-BC 8725 JOHN J. KINGMAN ROAD, MSC 6201 FORT BELVOIR VA 22060-6201	HDTRA1	DCMA SANTA ANA 34 CMC CENTER PLAZA, RM 9201 SANTA ANA CA 92701-4055	S0513A

7. NAME AND ADDRESS OF CONTRACTOR (No., street, city, county, state and zip code)	8. DELIVERY [ ] FOB ORIGIN [X] OTHER (See below)
PEREGRINE PHARMACEUTICALS, INC DAVID KING 14281 FRANKLIN AVE TUSTIN CA 92780-7013	9. DISCOUNT FOR PROMPT PAYMENT
	10. SUBMIT INVOICES (4 copies unless otherwise specified) TO THE ADDRESS SHOWN IN: ITEM
CODE 45UT0 FACILITY CODE	

11. SHIP TO/MARK FOR	CODE	12. PAYMENT WILL BE MADE BY	CODE
DEFENSE THREAT REDUCTION AGENCY/RD-CBM WILLIAM "GILL" JONES 8725 JOHN J KINGMAN ROAD, MAIL STOP 6201, FORT BELVOIR VA 22060	HDTRA1	DFAS COLUMBUS CENTER DFAS-CO/WEST ENTITLEMENT OPERATIONS P.O. BOX 182381 COLUMBUS OH 43218-2381	HQ0337

13. AUTHORITY FOR USING OTHER THAN FULL AND OPEN COMPETITION	14. ACCOUNTING AND APPROPRIATION DATA
[ ] 10 U.S.C. 2304(c)( ) [ ] 41 U.S.C. 253(c)( )	See Schedule

15A. ITEM NO.	15B. SUPPLIES/SERVICES	15C. QUANTITY	15D. UNIT	15E. UNIT PRICE	15F. AMOUNT
	SEE SCHEDULE				

15G. TOTAL AMOUNT OF CONTRACT $22,336,307.00

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(X)	SEC	DESCRIPTION	PAGE(S)	(X)	SEC	DESCRIPTION	PAGE(S)
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X	B	SUPPLIES OR SERVICES AND PRICES/ COSTS	2 - 6			PART III - LIST OF DOCUMENTS, EXHIBITS AND OTHER ATTACHMENTS	
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X	D	PACKAGING AND MARKING	8			PART IV - REPRESENTATIONS AND INSTRUCTIONS	
X	E	INSPECTION AND ACCEPTANCE	9		K	REPRESENTATIONS, CERTIFICATIONS AND OTHER STATEMENTS OF OFFERORS	
X	F	DELIVERIES OR PERFORMANCE	10 - 11		L	INSTRS., CONDS., AND NOTICES TO OFFERORS	
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X	H	SPECIAL CONTRACT REQUIREMENTS	17 - 22				

CONTRACTING OFFICER WILL COMPLETE ITEM 17 OR 18 AS APPLICABLE

17. [X] CONTRACTOR'S NEGOTIATED AGREEMENT (Contractor is required to sign this document and return ____ copies to issuing office.) Contractor agrees to furnish and deliver all items or perform all the services set forth or otherwise identified above and on any continuation sheets for the consideration stated herein. The rights and obligations of the parties to this contract shall be subject to and governed by the following documents: (a) this award/contract, (b) the solicitation, if any, and (c) such provisions, representations, certifications, and specifications, as are attached or incorporated by reference herein. (Attachments are listed herein.)

18. [ ] AWARD (Contractor is not required to sign this document.) Your offer on Solicitation Number ____ including the additions or changes made by you which additions or changes are set forth in full above, is hereby accepted as to the items listed above and on any continuation sheets. This award consummates the contract which consists of the following documents: (a) the Government's solicitation and your offer, and (b) this award/contract. No further contractual document is necessary.

19A. NAME AND TITLE OF SIGNER (Type or print)	20A. NAME OF CONTRACTING OFFICER
Steven King, President + CEO	Laurie Hull
	TEL: EMAIL:

19B. NAME OF CONTRACTOR	19C. DATE SIGNED	20B. UNITED STATES OF AMERICA	20C. DATE SIGNED
BY Steven King (Signature of person authorized to sign)	25 June 2008	BY Laurie Hull (Signature of Contracting Officer)	30 Jun 08

NSN 7540-01-152-8069 — 26-107 — STANDARD FORM 26 (REV. 12/2003)
Previous edition unusable — GPO 1995 O - 388-994 — Prescribed by GSA FAR (48 CFR) 53.214(a)

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section B - Supplies or Services and Prices

BAA REFERENCE

This contract is awarded as a result of Medical Science and Technology (S&T) Chemical and Biological Defense Transformational Medical Technologies Initiative (TMTI) BAA HDTRA1-07-TMTI-BAA.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0001			Dollars, U.S.		$22,336,307.00
	BASE PERIOD CPFF In accordance with Statement of Work entitled, "Biological Advanced Development," dated April 30, 2008, Attachment 1 to the Contract. FOB: Destination PURCHASE REQUEST NUMBER: CBM080009598 MFR PART NR: A				
				ESTIMATED COST	$20,324,210.00
				FIXED FEE	$2,012,097.00
				TOTAL EST COST + FEE	$22,336,307.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000101			Dollars, U.S.		$0.00
	BASE PERIOD FUNDING CPFF FOB: Destination PURCHASE REQUEST NUMBER: CBM080009598				
				ESTIMATED COST	$0.00
				FIXED FEE	$0.00
				TOTAL EST COST + FEE	$0.00
	ACRN AA CIN: CBM080009598000101				$5,000,000.00

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0002			Dollars, U.S.		$6,647,996.00
OPTION	OPTION YEAR 1 CPFF In accordance with Statement of Work entitled, "Biological Advanced Development," dated April 30, 2008, Attachment 1 to the Contract. FOB: Destination PURCHASE REQUEST NUMBER: CBM080009598				
				ESTIMATED COST	$6,049,132.00
				FIXED FEE	$598,864.00
				TOTAL EST COST + FEE	$6,647,996.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000201					$0.00
	OPTION YEAR 1 FUNDING CPFF FOB: Destination				
				NET AMT	

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0003			Dollars, U.S.		$8,944,914.00
OPTION	OPTION YEAR 2 CPFF In accordance with Statement of Work entitled, "Biological Advanced Development," dated April 30, 2008, Attachment 1 to the Contract. FOB: Destination				
				ESTIMATED COST	$8,139,139.00
				FIXED FEE	$805,775.00
				TOTAL EST COST + FEE	$8,944,914.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000301					$0.00
	OPTION YEAR 2 FUNDING CPFF FOB: Destination				
				NET AMT	

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0004			Dollars, U.S.		$6,474,499.00
OPTION	OPTION YEAR 3 CPFF In accordance with Statement of Work entitled, "Biological Advanced Development," dated April 30, 2008, Attachment 1 to the Contract. FOB: Destination				
				ESTIMATED COST	$5,891,264.00
				FIXED FEE	$583,235.00
				TOTAL EST COST + FEE	$6,474,499.00

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
000401					$0.00
	OPTION YEAR 3 FUNDING CPFF FOB: Destination				
				ESTIMATED COST	$0.00
				FIXED FEE	$0.00
				TOTAL EST COST + FEE	$0.00

ITEM NO	SUPPLIES/SERVICES	QUANTITY	UNIT	UNIT PRICE	AMOUNT
0005					NSP
	Contract Data Requirements List (CDRL's) CPFF CDRL's in accordance with Exhibit A to the Contract. FOB: Destination PURCHASE REQUEST NUMBER: CBM080009598				
				ESTIMATED COST	$0.00
				FIXED FEE	$0.00
				TOTAL EST COST + FEE	$0.00

See Exhibit A

CLAUSES INCORPORATED BY FULL TEXT

252.216-9001 ACCRUAL OF FIXED FEE (OCT 1998)

Subject to the provisions of the Clause of this Contract entitled FIXED FEE, the fixed fee provided for in this Contract, as from time-to-time amended, shall accrue on each approved interim payment voucher in the same proportion to the total fixed fee that the approved voucher costs bear to the total estimated costs set forth in the Contract; provided, however, that any balance of the fixed fee remaining after completion of the work required under said Contract shall be deemed to accrue forthwith and be paid in accordance with the terms of the Contract.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

252.232-9001 PRICES/COST

a. Subject to the provisions of the Clauses of this Contract entitled LIMITATION OF FUNDS, ALLOWABLE COST AND PAYMENT, and FIXED FEE, the total allowable cost under this Contract shall not exceed $_____A_____, which is the total estimated cost of the Contractor's performance hereunder, exclusive of fixed fee. In addition, the Government shall pay the Contractor a fixed fee of $_____B_____ for the performance of this Contract. It is understood and agreed that the Government's obligation is limited to INCREMENTAL FUNDING in the amount of $_____C_____. Within this amount ($_____C_____), the fixed fee shall bear the same relationship to the total fixed fee, as the costs incurred bear to the total estimated cost.

b. Interim payment vouchers may be submitted for provisional payment pursuant to the Clauses of this Contract entitled ALLOWABLE COST AND PAYMENT and FIXED FEE.

Fill in the dollar amounts as applicable:

A: $22,336,307
B: $2,012,097
C: $5,000,000

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section C - Descriptions and Specifications

CLAUSES INCORPORATED BY FULL TEXT

252.211-9000 Description/Specifications/Work Statement

The Contractor shall provide the supplies and/or services set forth in Section B, in accordance with the following:

a. Statement of Work entitled, "Biological Advanced Development," dated April 30, 2008, Attachment 1 to the Contract.

b. Contract Data Requirements List (DD Form 1423), Exhibit A to the Contract.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section D - Packaging and Marking

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252.247-9001 PACKAGING AND MARKING

(a) All data contained in Exhibit A, Contract Data Requirements List (CDRL), DD Form 1423 delivered under this contract shall be delivered using best commercial practices to meet the packaging requirements of the carrier and to insure delivery, to the addressees specified on the Data Item Cover Sheet, at destination and in accordance with applicable security requirements.

(b) All data and correspondence submitted to the Contracting Officer shall reference the Contract Number, the CDRL number, and the date submitted. A copy of all correspondence sent to the Contracting Officer's Representative (COR) or Project Manager shall be simultaneously provided to the Contracting Officer.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section E - Inspection and Acceptance

INSPECTION AND ACCEPTANCE TERMS

Supplies/services will be inspected/accepted at:

CLIN	INSPECT AT	INSPECT BY	ACCEPT AT	ACCEPT BY
0001	Destination	Government	Destination	Government
000101	N/A	N/A	N/A	Government
0002	Destination	Government	Destination	Government
000201	N/A	N/A	N/A	Government
0003	Destination	Government	Destination	Government
000301	N/A	N/A	N/A	Government
0004	Destination	Government	Destination	Government
000401	N/A	N/A	N/A	Government
0005	N/A	N/A	N/A	Government

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252.246-9000 INSPECTION AND ACCEPTANCE (JUL 2007)

Government inspection and acceptance of data is specified on the Contract Data Requirements List, DD Form 1423. In accordance with FAR 52.246-8, inspection and acceptance for all work performed at any and all times under this contract shall be the responsibility of the:

___X__ Contracting Officer's Representative (COR) or Project Manager (PM). The Wide Area Work Flow (WAWF) Acceptor DoDDAC is located in DTRA 252.201-9000 *Project Manager* or DTRA 252.201-9002 *Contracting Officer's Representative*.

_____ Administrative Contracting Officer (ACO). The WAWF Acceptor DoDAAC can be found in the "Administered By" block on page 1 of the contract.

(End of Clause)

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section F - Deliveries or Performance

DELIVERY INFORMATION

CLIN	DELIVERY DATE	QUANTITY	SHIP TO ADDRESS	UIC
0001	POP 30-JUN-2008 TO 29-JUN-2010	N/A	DEFENSE THREAT REDUCTION AGENCY/RD-CBM WILLIAM "BILL" JONES 8725 JOHN J KINGMAN ROAD, MAIL STOP 6201, FORT BELVOIR VA 22060 703-767-4295 FOB: Destination	HDTRA1
000101	N/A	N/A	N/A	N/A
0002	POP 30-JUN-2010 TO 29-JUN-2011	N/A	DEFENSE THREAT REDUCTION AGENCY/RD-CBM WILLIAM "BILL" JONES 8725 JOHN J KINGMAN ROAD, MAIL STOP 6201, FORT BELVOIR VA 22060 703-767-4295 FOB: Destination	HDTRA1
000201	N/A	N/A	N/A	N/A
0003	POP 30-JUN-2011 TO 29-JUN-2012	N/A	DEFENSE THREAT REDUCTION AGENCY/RD-CBM WILLIAM "BILL" JONES 8725 JOHN J KINGMAN ROAD, MAIL STOP 6201, FORT BELVOIR VA 22060 703-767-4295 FOB: Destination	HDTRA1
000301	N/A	N/A	N/A	N/A
0004	POP 30-JUN-2012 TO 29-JUN-2013	N/A	DEFENSE THREAT REDUCTION AGENCY/RD-CBM WILLIAM "BILL" JONES 8725 JOHN J KINGMAN ROAD, MAIL STOP 6201, FORT BELVOIR VA 22060 703-767-4295 FOB: Destination	HDTRA1
000401	N/A	N/A	N/A	N/A

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

0005	POP 01-JUL-2008 TO 30-JUN-2013	N/A	DEFENSE THREAT REDUCTION AGENCY/RD-CBM WILLIAM "BILL" JONES 8725 JOHN J KINGMAN ROAD, MAIL STOP 6201, FORT BELVOIR VA 22060 703-767-4295 FOB: Destination	HDTRA1

CLAUSES INCORPORATED BY REFERENCE

52.242-15 Alt I	Stop-Work Order (Aug 1989) - Alternate I	APR 1984
52.247-34	F.O.B. Destination	NOV 1991

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section G - Contract Administration Data

ADMINISTRATION

ASSIGNMENT OF CONTRACT ADMINISTRATION SERVICES (CAS) FUNCTIONS (AUG 2007)

a. The contract administration functions stated in FAR 42.302(a) are assigned to:
See Section A, Block 6.

b. Notwithstanding that assignment, in accordance with FAR 42.202(b)(2), the following functions are determined to be best performed by the PCO and are retained by the DTRA Contracting Office:

(1) FAR 42.302(a)(3) Conduct postaward orientation conferences.

(2) FAR 42.302(a)(20) Perform Postaward Security Administration.

(3) FAR 42.302(a)(40) Perform engineering surveillance to assess compliance with contractual terms for schedule, cost, and technical performance in the areas of design, development, and production.

(4) FAR 42.302(a)(51) In accordance with FAR 52.244-2, consent to the placement of subcontracts which have experimental, developmental, or research work as one of its purposes.

(5) Approval or disapproval of the data items listed on Exhibit A, DD Form 1423, Contract Data Requirements List.

(END OF CLAUSE)

ACCOUNTING AND APPROPRIATION DATA

AA: 9780400.2620 1000 B62D 255999 BD25909000 S49012
AMOUNT: $5,000,000.00
CIN CBM080009598000101: $5,000,000.00

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252.201-9002 CONTRACTING OFFICER'S REPRESENTATIVE (MAY 2007)

a. The Contracting Officer's Representative (COR) for this contract is:
William Jones
Defense Threat Reduction Agency/RD-CBM
8725 John J. Kingman Rd, MS 6201
Fort Belvoir VA 22060-6201
Telephone number (703) 767-4295
e-mail address william.jones@dtra.mil.
WAWF Acceptor DoDAAC: HDTRA1

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

b. The COR will act as the Contracting Officer's Representative for technical matters providing technical direction and discussion as necessary with respect to the specification/statement of work and monitoring the progress and quality of the Contractor's performance. The COR is NOT an Administrative Contracting Officer (ACO) and does not have the authority to take any action, either directly or indirectly that would change the pricing, quality, quantity, place of performance, delivery schedule, or any other terms and conditions of the contract, or to direct the accomplishment of effort, which goes beyond the scope of the specifications/statement of work in the contract.

c. When, in the opinion of the contractor, the COR requests effort outside the existing scope of the contract, the contractor shall promptly notify the Contracting Officer in writing. No action shall be taken by the contractor under such direction until the Contracting Officer has issued a modification to the contract or has otherwise resolved the issue.

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252.204-9002 PAYMENT INSTRUCTIONS FOR MULTIPLE ACCOUNTING CLASSIFICATION CITATIONS (AUG 2007)

In accordance with DFARS 204.7108 *Payment Instructions*, payment shall be made by the numbered payment instruction identified below:

_____ (1) *Line item specific: single funding.* If there is only one source of funding for the contract line item (i.e., one ACRN), the payment office will make payment using the ACRN funding of the line item being billed.

_____ (2) *Line item specific: sequential ACRN order*. If there is more than one ACRN within a contract line item, the payment office will make payment in sequential ACRN order within the line item, exhausting all funds in the previous ACRN before paying from the next ACRN using the following sequential order: Alpha/Alpha; Alpha/Numeric; Numeric/Alpha; and Numeric/Numeric.

_____ (3) *Line item specific: contracting officer specified ACRN order*. If there is more than one ACRN within a contract line item, the payment office will make payment within the line item in the sequence ACRN order specified by the contracting officer, exhausting all funds in the previous ACRN before paying from the next ACRN.

_____ (4) *Line item specific: by fiscal year*. If there is more than one ACRN within a contract line item, the payment office will make payment using the oldest fiscal year appropriations first, exhausting all funds in the previous fiscal year before disbursing from the next fiscal year. In the event there is more than one ACRN associated with the same fiscal year, the payment amount shall be disbursed from each ACRN within a fiscal year in the same proportion as the amount of funding obligated for each ACRN within the fiscal year.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

_____ (5) *Line item specific: by cancellation date*. If there is more than one ACRN within a contract line item, the payment office will make payment using the ACRN with the earliest cancellation date first, exhausting all funds in that ACRN before disbursing funds from the next. In the event there is more than one ACRN associated with the same cancellation date, the payment amount shall be disbursed from each ACRN with the same cancellation date in the same proportion as the amount of funding obligated for each ACRN with the same cancellation date.

_____ (6) *Line item specific: proration*. If there is more than one ACRN within a contract line item, the payment office will make payment from each ACRN in the same proportion as the amount of funding currently unliquidated for each ACRN.

___X___ (7) *Contract-wide: sequential ACRN order*. The payment office will make payment in sequential ACRN order within the contract or order, exhausting all funds in the previous ACRN before paying from the next ACRN using the following sequential order: alpha/alpha; alpha/numeric; numeric/alpha; and numeric/numeric.

_____ (8) *Contract-wide: contracting officer specified ACRN order* The payment office will make payment in sequential ACRN order within the contract or order, exhausting all funds in the previous ACRN before paying from the next ACRN in the sequence order specified by the contracting officer.

_____ (9) *Contract-wide: by fiscal year.* The payment office will make payment using the oldest fiscal year appropriations first, exhausting all funds in the previous fiscal year before disbursing from the next fiscal year. In the event there is more than one ACRN associated with the same fiscal year, the payment amount shall be disbursed from each ACRN within a fiscal year in the same proportion as the amount of funding obligated for each ACRN within the fiscal year.

_____ (10) *Contract-wide: by cancellation date*. The payment office will make payment using the ACRN with the earliest cancellation date first, exhausting all funds in that ACRN before disbursing funds from the next. In the event there is more than one ACRN associated with the same cancellation date, the payment amount shall be disbursed from each ACRN with the same cancellation date in the same proportion as the amount of funding obligated for each ACRN with the same cancellation date.

_____ (11) *Contract-wide: proration.* The payment office will make payment from each ACRN within the contract or order in the same proportion as the amount of funding currently unliquidated for each ACRN.

_____ (12) *Other*. If none of the standard payment instructions identified in paragraphs (d)(1) through (11) of this section are appropriate, the contracting officer may insert other payment instructions, provided the other payment instructions--

(i) Provide a significantly better reflection of how funds will be expended in support of contract performance; and

(ii) Are agreed to by the payment office and the contract administration office.

252.232-9007 PAYMENT INFORMATION IN CENTRAL CONTRACTOR REGISTRATION (CCR) DATABASE

This contract contains FAR clause 52.204-7, Central Contractor Registration. All contractors must be registered in the CCR database prior to award, during performance, and through final payment of any contract, except for awards to foreign vendors for work to be performed outside the United States.

The Contractor is responsible for the accuracy and completeness of the data within the CCR, and for any liability resulting from the Government’s reliance on inaccurate or incomplete data. In addition to the contractor's requirement to confirm on an annual basis that its information in the CCR database is accurate and complete, the contractor's information in the CCR database must be updated whenever changes occur to the contractor's remit-to data (e.g., account number, vendor name and address, etc.) and the paying office notified of any changes. The contractor's failure to maintain accurate information in the CCR database could result in payment delays for which the Government shall not be liable.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

252.232-9012 WIDE AREA WORK FLOW (WAWF) – RECEIPT AND ACCEPTANCE (RA) INSTRUCTIONS (June 2007)

(a) As prescribed in DFARS clause 252.232-7003 Electronic Submission of Payment Requests (Jan 2004), Contractors must submit payment requests in electronic form. Paper copies will no longer be accepted or processed for payment unless the conditions of DFARS clause 252.232-7003(c) apply. To facilitate this electronic submission, the Defense Threat Reduction Agency (DTRA) has implemented the DoD sanctioned Wide Area Workflow-Receipt and Acceptance (WAWF-RA) for contractors to submit electronic payment requests and receiving reports. The contractor shall submit electronic payment requests and receiving reports via WAWF-RA. **Vendors shall send an email notification to the Contracting Officer Representative (COR), Program/Project Manager or other government acceptance official identified in the contract by clicking on the Send More Email Notification link upon submission of an invoice/cost voucher in WAWF-RA. To access WAWF, go to https://wawf.eb.mil//.**

**** For questions, contact the DTRA WAWF Team at 703-767-6840 or wawfhelp@dtra.mil ****

(b) Definitions:

Acceptor: Contracting Officer's Representative, Program/Project Manager, or other government acceptance official as identified in the contract/order.

Pay Official: Defense Finance and Accounting Service (DFAS) payment office identified in the contract/order.

SHIP To/Service Acceptor DoDAAC: Acceptor DoDAAC or DCMA DoDAAC (as specified in the contract/order).

DCAA Auditor DoDAAC: Needed when invoicing on cost-reimbursable contracts. (Go to www.dcaa.mil and click on "CONUS" under the Audit Office Locator link. Enter your zip code of your company to locate the DoDAAC of your DCAA Auditor Office.)

(c) WAWF Contractor Input Information:

The contractor shall use the following information in creating electronic payment requests in WAWF:

Invoice Type in WAWF:

If billing for Cost Type/Reimbursable contracts (including T&M and LH), select "Cost Voucher"
If billing for Firm-Fixed Price Materials Only, select "Combo"
If billing for Firm-Fixed Price Materials and Service, select "Combo"
If billing for Firm-Fixed Price Services Only, select "2-n-1 (Services Only)"

For WAWF Routing Information, See Table Below:

Description	SF 26	SF 33	SF 1449	DD 1155
	Located in Block/Section			
Contract Number	2	2	2	1
Delivery Order	See Individual Order		4	2
CAGE Code	7	15a	17a	9
Pay DoDAAC	12	25	18a	15
Inspection	Section E (except SF 1449, See Entitled): INSPECTION AND ACCEPTANCE			
Acceptance	Section E (except SF 1449, See Entitled): INSPECTION AND ACCEPTANCE			

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Issue Date	3	5	3	3
Issue By DoDAAC	5	7	9	6
Admin DoDAAC	6	24	16	7
Ship To / Service Acceptor DoDAAC	6	24	16	7
Ship to Extension	Do Not Fill In			
Services or Supplies	Based on majority of requirement as determined by monetary value			
Final Invoice?	Do not change "N" (no) to "Y" (yes) unless this is the last invoice and the contract is ready for closeout.			

(d) Final Invoices/Vouchers -Final Payment shall be made in accordance with the Federal Acquisition Regulation (FAR) 52.216-7, entitled "Allowable Cost and Payment."

Invoices - Invoice 2-n-1 (Services Only) and Invoice and Receiving Report (Combo)
Select the ***"Y"*** selection from the "***Final Invoice?"*** drop-down box when submitting the final invoice for payment for a contract. Upon successful submission of the final invoice, click on the ***Send More Email Notifications*** link to send an additional email notification to the Contracting Officer Representative (COR), Program/Project Manager or other government acceptance official identified in the contract.

Cost Vouchers - Once the final DCAA audit is complete for cost reimbursable contracts and authorization is received to submit the final cost voucher, select the ***"Y"*** selection from the "***Final Voucher"*** drop-down box when submitting the final cost voucher. Upon successful submission of the final cost voucher, click on the ***Send More Email Notifications*** link to send an additional email notification to the following email address: finalcostvouchers@dtra.mil

(e) WAWF Training may be accessed online at http://www.wawftraining.com//. To practice creating documents in WAWF, visit practice site at https://wawftraining.eb.mil//. General DFAS information may be accessed using the DFAS website at http://www.dod.mil/dfas//. Payment status information may be accessed using the myInvoice system at https://myinvoice.csd.disa.mil// or by calling the DFAS Columbus helpdesk at 800-756-4571. (Select Option 1) Your contract number and shipment/invoice number will be required to check status of your payment.

Note: For specific invoice related inquiries email: wawfvendorpay@dtra.mil. Vendors shall forward any additional DTRA related WAWF questions to wawfhelp@dtra.mil.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section H - Special Contract Requirements

PATENT RIGHTS
RETENTION BY THE CONTRACTOR

In accordance with FAR 52.227-11 (f), reporting on utilization of subject inventions:

The Contractor agrees to submit, periodic reports annually on the utilization of a subject invention or efforts at obtaining such utilization that are being made by the Contractor or its licensees or assignees.

"PROHIBITION" - READ FURTHER

252.235-9003 PROHIBITION OF USE OF LABORATORY ANIMALS (JULY 2006) (DTRA)

Notwithstanding any other provisions contained in this award or incorporated by reference herein, the recipient is expressly forbidden to use or subcontract for the use of laboratory animals in any manner whatsoever without the express written approval of the US Army Medical Research and Material Command, Animal Care and Use Office. You will receive written approval to begin research under the applicable protocol proposed for this award from the US Army Medical Research and Material Command, Animal Care and Use Office under separate letter to the recipient and Principal Investigator. A copy of this approval will be provided to the Defense Threat Reduction Agency for the official file. Non-compliance with any provision of this clause may result in the termination of the award.

SPECIAL LICENSE RIGHTS

(a) The requirements of this clause will become operative only if the following 2 conditions are met: 1) within 3 months after the end of this Contract, the Government provides in writing to the Contractor its intention to enter into a contract or other funding agreement with the Contractor and 2) the Contractor elects not to pursue post-Phase 1 phases necessary for FDA approval of a drug that is the subject of the research described in the Statement of Work for treatment of one or more of the Select Agent clinical indications specified in paragraph (g).

(b) If both conditions of paragraph (a) are met, then the Contractor at no cost will deliver to the Government copies of and grant the Government Government Purpose Rights as defined in 252.227-7013, subject to the limitations set forth in paragraph (d), in the technical data developed under this contract that is necessary to pursue FDA approval for that drug for one or more of the Select Agent clinical indications in paragraph (g). While not necessary to pursue FDA approval, such technical data shall also include the Drug Master file, right of reference documentation to all FDA submissions or other technical data mutually agreed to by the parties.

(c) If any dispute arises over whether the conditions in paragraphs (a) have been met, the Government shall not provide any technical data under this section to any third party until a final adjudication has been made of this issue in a federal court of final jurisdiction. However, in any event, the Government may provide such technical data to nongovernment support contractor personnel identified in this contract.

(d) The Government Purpose Rights of paragraph (b) shall be subject to the following terms:

(1) For the technical data described in paragraph (b) this clause (including previously-delivered technical data necessary for FDA approval), Government will be granted Government purpose rights for the sole purpose of developing, seeking FDA approval for, and manufacturing, a drug that will be used for the Select Agent clinical indications specified in paragraph (g) of this clause

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

(2) The Contractor will retain its rights to use all technical data for its own purposes.

(3) The Government may disclose such technical data developed under this Contract to a third party only under the following conditions:

(i) The Government may not provide such technical data to third parties unless the intended recipient completes and signs the use and non-disclosure agreement at paragraph (c) of DFARS 227.7103-7 or is subject to the clause at DFARS 252.227-7025 prior to release or disclosure of such technical data

(ii) Such technical data shall only be disclosed to and used by such third party for the exclusive purpose of seeking FDA approval and subsequent production of a drug that will be used solely for the Select Agent indications specified in paragraph (g) and such third party shall not further disclose to or authorize use of such technical data by any other third party unless prior to disclosure such third party is subject to the use and non-disclosure agreement at paragraph (c) of DFARS 227.7103-7 or is subject to the clause at DFARS 252.227-7025.

(iii) The Government will notify the Contractor of the disclosure of such data to a third party and provide a copy of the nondisclosure agreement or confirmation that the third party is subject to the clause at 252.227-7025 to the Contractor upon request.

(e) If the conditions of paragraph (a) of this clause are met, the Contractor agrees to negotiate in good faith with the Government and/or third parties any additional intellectual property licenses that are necessary for the Government's continued development, FDA approval and production of drugs with the Select Agent clinical indications set forth in paragraph (g), upon terms that are reasonable under the circumstances, to the extent that the Contractor owns or is authorized to sublicense the intellectual property for the Government purposes specified in the above paragraphs. This obligation does not apply to "subject inventions" where the Government already possesses license rights in accordance with 35 U.S.C. 200 et seq.

(f) The parties agree that the duration of the Government purpose rights period for the technical data subject to this clause shall be indefinite.

(g) Select Agent clinical indications (available at http://www.bt.cdc.gov/agent/agentlist-category.asp#a):

CDC Category A and Category B pathogens.

CLAUSES INCORPORATED BY FULL TEXT

252.201-9003 LIMITATION OF AUTHORITY

No person in the Government, other than a Contracting Officer, has the authority to provide direction to the Contractor, which alters the Contractor's obligations or changes this contract in any way. If any person representing the Government, other than a Contracting Officer, attempts to alter contract obligations, change the contract specifications/statement of work or tells the contractor to perform some effort which the Contractor believes to be outside the scope of this contract, the Contractor shall immediately notify the Procuring Contracting Officer (PCO). Contractor personnel shall not comply with any order or direction which they believe to be outside the scope of this contract unless the order or direction is issued by a Contracting Officer.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

252.203-9004 ETIOLOGIC AGENTS—BIOLOGICAL DEFENSE RESEARCH PROGRAM (FEB 2008)

a. For purpose of this contract etiologic agent--biological defense program is defined as: any viable microorganism, or its toxin which causes or may cause human disease, including those agents listed in 42 CFR 73, 9 CFR 121, and 7 CFR 331, of the Department of Health and Human Services and Department of Agriculture regulations, respectively, and any agent of biological origin that poses a degree of hazard to those agents and is further identified by the US Army. The contractor shall comply with the following when working with etiologic agents:
   (1) 29 Code of Federal Regulations 1910, Occupational Health and Safety;
   (2) US Department of Health and Human Services (DHHS) and US Department of Agriculture, Select Agent Program(s), 42 CFR 73, 9 CFR 121, and 7 CFR 331; and
   (3) DHHS Publication No. 93-8395, Biosafety in Microbiological and Biomedical Laboratories, latest edition.

b. Etiologic agents shall be packaged, labeled, shipped, and transported in accordance with applicable Federal, State, and local laws and regulations, to include:
   (1) 42 CFR 72 (Interstate Shipment of Etiologic Agents);
   (2) 49 CFR 172 and 173 (Department of Transportation);
   (3) 9 CFR 122 (USDA Restricted Animal Pathogens);
   (4) International Air Transport Association Dangerous Goods Regulations;
   (5) The United States Postal Service shall not be used for transportation of BDRP related etiologic agents; and
   (6) If performance is outside of the United States, any additional procedures required by the nation where the work is to be performed.

252.209-9002 NON-GOVERNMENT SUPPORT PERSONNEL (JAN 2008)

The following companies may have access to contractor information, technical data or computer software that may be marked as proprietary or otherwise marked with restrictive legends: Suntiva LLC (Formerly C-Systems International Corporation)(contract specialist support); Goldbelt Raven LLC (Advisory and Assistance Services); Systems Research and Analysis (SRA, managing JPRAS)and The Tauri Group (Advisory and Assistance Services). Each contract contains organizational conflict of interest provisions and/or includes contractual requirements for non-disclosure of proprietary contractor information or data/software marked with restrictive legends. The contractor, by submitting a proposal or entering into this contract, is deemed to have consented to the disclosure of its information to Suntiva LLC; Goldbelt Raven LLC, SRA and The Tauri Group under the conditions and limitations described herein.

252.215-9004 KEY PERSONNEL (FEB 2000)

The personnel listed below are considered essential to the work being performed hereunder. Prior to removing, replacing, or diverting any of the specified individuals, the Contractor shall notify the Contracting Officer reasonably in advance and shall submit justification (including proposed substitutions) in sufficient detail to permit evaluation of the impact on this Contract. No deviation shall be made by the Contractor without the prior written consent of the Contracting Officer; provided, that the Contracting Officer may ratify in writing the change, such ratification shall constitute the consent of the Contracting Officer required by this paragraph. The personnel listed below may, with the consent of the contracting parties, be amended from time to time during the course of the Contract to either add or delete personnel as appropriate.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Principal Investigator

252.223-9002 PROTECTION OF HUMAN SUBJECTS (APR 2005)

All research under this contract involving human subjects must be conducted in accordance with 32 CFR 219, 10 USC 980, and DoDD 3216.2, as well as other applicable federal and state regulations. Contractors must be cognizant of and abide by the additional restrictions and limitations imposed on the DoD regarding research involving human subjects, specifically as regards vulnerable populations (32 CFR 219 modifications to subparts B-D of 45 CFR 46), recruitment of military research subjects (32 CFR 219), and surrogate consent (10 USC 980). Defense Threat Reduction Agency (DTRA) Directive 3216.01 establishes the DTRA Human Subjects Protection Program, sets forth the policies, defines the applicable terms, and delineates the procedures necessary to ensure DTRA compliance with federal and DoD regulations and legislation governing human subject research. The regulations mandate that all DoD activities, components, and agencies protect the rights and welfare of human subjects of study in DoD-supported research, development, test and evaluation, and related activities hereafter referred to as “research”. The requirement to comply with the regulations applies to new starts and to continuing research.

The DTRA directive requires that research using human subjects may not begin or continue until the Defense Threat Reduction Agency’s Human Research Oversight Board (HROB) has reviewed and approved the proposed protocol. Contractors and subcontractors are required to submit a valid federal assurance for their organization (institution, laboratory, facility) that has been issued by either DoD or the Department of Health and Human Services, and documentation of review of proposed protocols by the local Institutional Review Board (IRB) to include consent forms for any planned research using human subjects to the DTRA HROB for its review through the contracting officer’s representative (if assigned) or the contracting officer. The HROB review is separate from, and in addition to, local IRB review.

Written approval to begin research or subcontract for the use of human subjects under the proposed protocol will be provided in writing from the DTRA HROB, through the contracting officer. A copy of this approval shall be maintained by both the contractor and the government. Any proposed modifications or amendments to the approved protocol or consent forms must be submitted to the local IRB and the DTRA HROB for review and approval. Examples of modifications/amendments to the protocol include but are not limited to:

1) a change of the Principal Investigator
2) changes in duration or intensity of exposure to some stimulus or agent
3) changes in the information requested of volunteers, or changes to the use of specimens or data collected
4) changes in perceived or measured risks or benefits to volunteers that require changes to the study

Research pursuant to such modifications or amendments shall not be initiated without IRB and HROB approval except when necessary to eliminate apparent and immediate hazards to the subject(s).

Research projects lasting more than one year require IRB review at least annually, or more frequently as required by the responsible IRB. HROB review and approval is required annually. The contractor or subcontractor must provide documentation of continued IRB review of protocols for HROB review and approval in accordance with the Contract Data Requirements List. Research must not continue without renewed HROB approval unless necessary to eliminate apparent and immediate hazards to the subject(s).

Non-compliance with any provision of this clause may result in withholding of payments under the contract pursuant to the contract’s payments clause(s) and/or contract termination pursuant to the contract’s termination clause(s). The government shall not be responsible for any costs incurred for research involving human subjects prior to protocol approval by the HROB.

(End of Clause)

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

252.227-9000 COMPUTER CODE DEVELOPMENT (OCT 1998)

Computer code development (the writing of a new computer program or the enhancement of an existing program to expand its capabilities) even if not explicitly specified in the Tasks of the SOW, shall be accompanied by a report which will be a brief summary describing the software, associated machine requirements and development and documentation status of each Computer Code for DTRA to determine the applicability of the Computer program to specific research programs.

252.235-9000 SOURCES OF INFORMATION (JULY 2000)

a. The results of the research to be delivered to the Government under this Contract shall embody the most recent reliable information in the field which is available to the Contractor from private and governmental sources, and the Contractor agrees to utilize all sources of such information available to it. In this connection, information in this field which is in the control of DTRA shall, with the consent of the Contracting Officer's Representative (COR) and under such safeguards and procedures as he/she may prescribe, be made available to the Contractor on request. Additionally, the Contractor is encouraged to make use of the resources available through the Defense Threat Reduction Information Analysis Center (DTRIAC), 1680 Texas Street, Southeast, Kirtland AFB, New Mexico 87117.

b. Reasonable assistance in obtaining access to information, or in obtaining permission to use Government or private facilities, will be given to the Contractor by DTRA. Specifically, the Contractor must register with the Defense Technical Information Center, ATTN: DTIC, 8725 John J. Kingman Road, Suite 0944, Fort Belvoir, VA 22060-6218, in accordance with Defense Logistics Agency (DLA) Regulation 4185.10, Certification and Registration for Access to DoD Defense Technical Information. DD Form 1540, the registration form, shall be forwarded to the DTRA Contracting Officer for approval (DFARS 35.010(b)).
(End of clause)

252.247-9000 GOVERNMENT CONTRACTOR TRAVEL (JUL 2007)

The Joint Travel Regulation (JTR), Appendix E, Part I.A.1.b., states invitational travel applies to individuals acting in a capacity that is related directly to, or in connection with, official DOD activities; however, this does not include a contractor’s employee traveling in the performance of the contract. Appendix E, Part I.B.4. RESTRICTIONS, further states invitational travel must not be authorized for contractors. Appendix E, Part III states neither the JFTR nor the JTR may be used as official contractor travel regulations as they apply to uniformed personnel and Defense Department civilian employees and contain provisions, the use of which is illegal by contractors. The JTR can be viewed at https://secureapp2.hqda.pentagon.mil/perdiem

Discounts may be obtained for some travel related services (identified below); however, commercial vendors are under no obligation to extend Government rates for the Government’s travel and transportation programs to contractors working on behalf of the Federal Government. Contractors must contact their Contracting Officer Representative (COR) to obtain a Government Contractor Official Travel Letter of Identification, signed by the authorizing Contracting Officer.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Contract City-Pair Air Passenger Transportation Program and Other Government Fares. Use of GSA contract city-pair air passenger fares is governed by GSA's contracts with the airlines and by the Defense Transportation Regulation (DOD 4500.9-R), Part I, Chapter 103. Use of other airfares reserved for Government employees on official business is governed by the airline fare structure and rules. Government contractors are not eligible to participate in the GSA city-pairs program for air passenger transportation services as of October 1, 1998.

Rail Service. Commercial passenger rail vendors may voluntarily offer discount rates to contractors traveling who are on official Government business at the vendor's discretion.

Lodging Programs. GSA and Services' lodging programs may voluntarily offer discount rates to contractors who are on official Government business at the vendor's discretion.

Car Rental Program. Military Surface Deployment and Distribution Command (SDDC) negotiates special rate agreements with car rental companies available to all Government employees and uniformed personnel while traveling on official Government business. Some commercial car rental companies may voluntarily offer similar discount rates to Government contractors at the vendor's discretion.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section I - Contract Clauses

CLAUSES INCORPORATED BY REFERENCE

52.202-1	Definitions	JUL 2004
52.203-3	Gratuities	APR 1984
52.203-5	Covenant Against Contingent Fees	APR 1984
52.203-7	Anti-Kickback Procedures	JUL 1995
52.203-8	Cancellation, Rescission, and Recovery of Funds for Illegal or Improper Activity	JAN 1997
52.203-10	Price Or Fee Adjustment For Illegal Or Improper Activity	JAN 1997
52.203-12	Limitation On Payments To Influence Certain Federal Transactions	SEP 2005
52.203-13	Contractor Code of Business Ethics and Conduct	DEC 2007
52.204-4	Printed or Copied Double-Sided on Recycled Paper	AUG 2000
52.204-7	Central Contractor Registration	JUL 2006
52.209-6	Protecting the Government's Interest When Subcontracting With Contractors Debarred, Suspended, or Proposed for Debarment	SEP 2006
52.215-2	Audit and Records--Negotiation	JUN 1999
52.215-8	Order of Precedence--Uniform Contract Format	OCT 1997
52.215-10	Price Reduction for Defective Cost or Pricing Data	OCT 1997
52.215-15	Pension Adjustments and Asset Reversions	OCT 2004
52.215-17	Waiver of Facilities Capital Cost of Money	OCT 1997
52.215-18	Reversion or Adjustment of Plans for Postretirement Benefits (PRB) Other than Pensions	JUL 2005
52.215-19	Notification of Ownership Changes	OCT 1997
52.216-7	Allowable Cost And Payment	DEC 2002
52.216-8	Fixed Fee	MAR 1997
52.219-8	Utilization of Small Business Concerns	MAY 2004
52.222-2	Payment For Overtime Premiums	JUL 1990
52.222-3	Convict Labor	JUN 2003
52.222-21	Prohibition Of Segregated Facilities	FEB 1999
52.222-26	Equal Opportunity	MAR 2007
52.222-35	Equal Opportunity For Special Disabled Veterans, Veterans of the Vietnam Era, and Other Eligible Veterans	SEP 2006
52.222-36	Affirmative Action For Workers With Disabilities	JUN 1998
52.222-37	Employment Reports On Special Disabled Veterans, Veterans Of The Vietnam Era, and Other Eligible Veterans	SEP 2006
52.222-39	Notification of Employee Rights Concerning Payment of Union Dues or Fees	DEC 2004
52.222-50	Combating Trafficking in Persons	AUG 2007
52.223-6	Drug-Free Workplace	MAY 2001
52.223-14	Toxic Chemical Release Reporting	AUG 2003
52.225-13	Restrictions on Certain Foreign Purchases	FEB 2006
52.227-1 Alt I	Authorization And Consent (Jul 1995) - Alternate I	APR 1984
52.227-2	Notice And Assistance Regarding Patent And Copyright Infringement	AUG 1996
52.227-11	Patent Rights--Ownership By The Contractor	DEC 2007
52.228-7	Insurance--Liability To Third Persons	MAR 1996
52.232-9	Limitation On Withholding Of Payments	APR 1984
52.232-17	Interest	JUN 1996
52.232-20	Limitation Of Cost	APR 1984

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

52.232-22	Limitation Of Funds	APR 1984
52.232-23 Alt I	Assignment of Claims (Jan 1986) - Alternate I	APR 1984
52.232-25 Alt I	Prompt Payment (Oct 2003) Alternate I	FEB 2002
52.232-33	Payment by Electronic Funds Transfer--Central Contractor Registration	OCT 2003
52.233-1 Alt I	Disputes (Jul 2002) - Alternate I	DEC 1991
52.233-3 Alt I	Protest After Award (Aug 1996) - Alternate I	JUN 1985
52.233-4	Applicable Law for Breach of Contract Claim	OCT 2004
52.242-1	Notice of Intent to Disallow Costs	APR 1984
52.242-3	Penalties for Unallowable Costs	MAY 2001
52.242-4	Certification of Final Indirect Costs	JAN 1997
52.242-13	Bankruptcy	JUL 1995
52.243-2 Alt V	Changes--Cost-Reimbursement (Aug 1987) - Alternate V	APR 1984
52.245-1	Government Property	JUN 2007
52.245-9	Use And Charges	JUN 2007
52.246-9	Inspection Of Research And Development (Short Form)	APR 1984
52.246-25	Limitation Of Liability--Services	FEB 1997
52.249-6	Termination (Cost Reimbursement)	MAY 2004
52.251-1	Government Supply Sources	APR 1984
52.253-1	Computer Generated Forms	JAN 1991
252.203-7001	Prohibition On Persons Convicted of Fraud or Other Defense-Contract-Related Felonies	DEC 2004
252.204-7000	Disclosure Of Information	DEC 1991
252.204-7003	Control Of Government Personnel Work Product	APR 1992
252.204-7004 Alt A	Central Contractor Registration (52.204-7) Alternate A	NOV 2003
252.205-7000	Provision Of Information To Cooperative Agreement Holders	DEC 1991
252.209-7004	Subcontracting With Firms That Are Owned or Controlled By The Government of a Terrorist Country	DEC 2006
252.215-7000	Pricing Adjustments	DEC 1991
252.215-7002	Cost Estimating System Requirements	DEC 2006
252.215-7004	Excessive Pass-Through Charges	APR 2007
252.225-7004	Report of Contract Performance Outside the United States and Canada--Submission after Award	MAY 2007
252.225-7006	Quarterly Reporting of Actual Contract Performance Outside the United States	MAY 2007
252.225-7012	Preference For Certain Domestic Commodities	JAN 2007
252.226-7001	Utilization of Indian Organizations and Indian-Owned Economic Enterprises, and Native Hawaiian Small Business Concerns	SEP 2004
252.227-7013	Rights in Technical Data--Noncommercial Items	NOV 1995
252.227-7016	Rights in Bid or Proposal Information	JUN 1995
252.227-7027	Deferred Ordering Of Technical Data Or Computer Software	APR 1988
252.227-7030	Technical Data--Withholding Of Payment	MAR 2000
252.227-7037	Validation of Restrictive Markings on Technical Data	SEP 1999
252.227-7039	Patents--Reporting Of Subject Inventions	APR 1990
252.231-7000	Supplemental Cost Principles	DEC 1991
252.232-7003	Electronic Submission of Payment Requests	MAR 2007
252.232-7010	Levies on Contract Payments	DEC 2006
252.235-7002	Animal Welfare	DEC 1991
252.235-7010	Acknowledgment of Support and Disclaimer	MAY 1995
252.235-7011	Final Scientific or Technical Report	NOV 2004
252.243-7002	Requests for Equitable Adjustment	MAR 1998
252.244-7000	Subcontracts for Commercial Items and Commercial Components (DoD Contracts)	JAN 2007
252.247-7023	Transportation of Supplies by Sea	MAY 2002
252.247-7024	Notification Of Transportation Of Supplies By Sea	MAR 2000
252.251-7000	Ordering From Government Supply Sources	NOV 2004

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

CLAUSES INCORPORATED BY FULL TEXT

52.217-9 OPTION TO EXTEND THE TERM OF THE CONTRACT (MAR 2000)

(a) The Government may extend the term of this contract by written notice to the Contractor on or before the expiration of the contract basic period. The Government will give the Contractor a preliminary written notice of its intent to extend at least 30 days before the contract(and any exercised option) expires. The preliminary notice does not commit the Government to an extension.

(b) If the Government exercises this option, the extended contract shall be considered to include this option clause.

(c) The total duration of this contract, including the exercise of any options under this clause, shall not exceed 5 Years.

(End of clause)

52.249-14 EXCUSABLE DELAYS (APR 1984)

(a) Except for defaults of subcontractors at any tier, the Contractor shall not be in default because of any failure to perform this contract under its terms if the failure arises from causes beyond the control and without the fault or negligence of the Contractor. Examples of these causes are (1) acts of God or of the public enemy, (2) acts of the Government in either its sovereign or contractual capacity, (3) fires, (4) floods, (5) epidemics, (6) quarantine restrictions, (7) strikes, (8) freight embargoes, and (9) unusually severe weather. In each instance, the failure to perform must be beyond the control and without the fault or negligence of the Contractor. "Default" includes failure to make progress in the work so as to endanger performance.

(b) If the failure to perform is caused by the failure of a subcontractor at any tier to perform or make progress, and if the cause of the failure was beyond the control of both the Contractor and subcontractor, and without the fault or negligence of either, the Contractor shall not be deemed to be in default, unless--

(1) The subcontracted supplies or services were obtainable from other sources;

(2) The Contracting Officer ordered the Contractor in writing to purchase these supplies or services from the other source; and

(3) The Contractor failed to comply reasonably with this order.

(c) Upon request of the Contractor, the Contracting Officer shall ascertain the facts and extent of the failure. If the Contracting Officer determines that any failure to perform results from one or more of the causes above, the delivery schedule shall be revised, subject to the rights of the Government under the termination clause of this contract.

(End of clause)

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

52.252-2 CLAUSES INCORPORATED BY REFERENCE (FEB 1998)

This contract incorporates one or more clauses by reference, with the same force and effect as if they were given in full text. Upon request, the Contracting Officer will make their full text available. Also, the full text of a clause may be accessed electronically at this address:

http://farsite.hill.af.mil/

(End of clause)

252.242-9000 CONTRACTOR PERFORMANCE ASSESSMENT REPORTING SYSTEM (CPARS) (NOV 2002)

1. As required by FAR Parts 42 and 15, and DTRA policy for the Contractor Performance Assessment Reporting System (CPARS) and Past Performance Information Retrieval System (PPIRS), formerly known as PPAIS, effective July, 2001, the Government shall complete a CPAR each year of the period of performance of this contract. The contractor will have an opportunity to provide their comments in each CPAR before it is completed. In accordance with DTRA CPARS policy the completed CPARs will be entered into PPIRS, a retrieval system for Government source selection teams to access the CPARs of contractor's performance. The DTRA CPARS and PPIRS policy includes an explanation of the process and procedures that will be utilized under this contract. A copy is available for contractor reference via the DTRAlink (www.dtra.mil) by accessing Acquisition, Doing Business With Us.

2. The CPARs shall occur annually in accordance with the schedule established below:

(i) Initial CPAR: 12 months after contract start date (date performance begins) TBD (by PCO)

(ii) Interim CPAR(s) will be performed annually on the anniversary of the contract start date according to the following schedule: TBD (by PCO)

(iii) A Final CPAR will be completed upon contract termination, transfer of program management/contract management responsibility outside of DTRA, the delivery of the final end item on contract and/or the completion of the performance period.

(iv) An Out-of-Cycle CPAR may be required when there is a significant change in performance that alters the assessment in one or more evaluation area(s). An Out-of-Cycle CPAR is optional and shall be processed in accordance with DTRA CPARS policy referenced in paragraph 1. above.

3. Each CPAR shall only cover the period elapsing from the last annual CPAR. The final CPAR shall not be used to summarize or "roll-up" the contractor's performance under the entire contract. Each annual CPAR and the final CPAR together will comprise a total picture of contractor performance.

4. At the request of the Government, a verbal, informal review of the Contractor’s performance may be held 3-6 months before the completion of the Interim or Final Evaluation periods. This review entails discussing any problems or areas of concern regarding the Contractor’s performance to date. No written evaluation form or other formal documentation is required for this evaluation. It may be conducted with the Contractor by telephone, teleconference or face-to-face. This is designed to offer the Contractor an opportunity to correct known deficiencies or weaknesses prior to the formal written evaluation.

5. As set forth in DTRA CPARS policy, any disagreements between the Contractor and the Program Manager regarding the CPAR(s) that cannot be resolved shall be reviewed by the designated Reviewing Official prior to completion of the CPAR.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

6. **Special Requirements for Indefinite Delivery Contracts (IDIQ and Requirements type), CPARs shall be processed (select one)**

____ for all existing orders (combined) at the time the CPAR is processed
____ on an order-by-order basis
____ on a grouped order basis

7. The policy and procedures set forth in this clause and DTRA CPARS policy are not subject to "Disputes" as described in FAR Part 33.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Section J - List of Documents, Exhibits and Other Attachments

ATTACHMENTS/EXHIBITS

DOCUMENT TYPE	DESCRIPTION	PAGES	DATE
Attachment 1	Statement of Work – "Biological Advanced Development."	6	April 30, 2008
Exhibit A	CDRL and Instructions	6	March 13, 2008

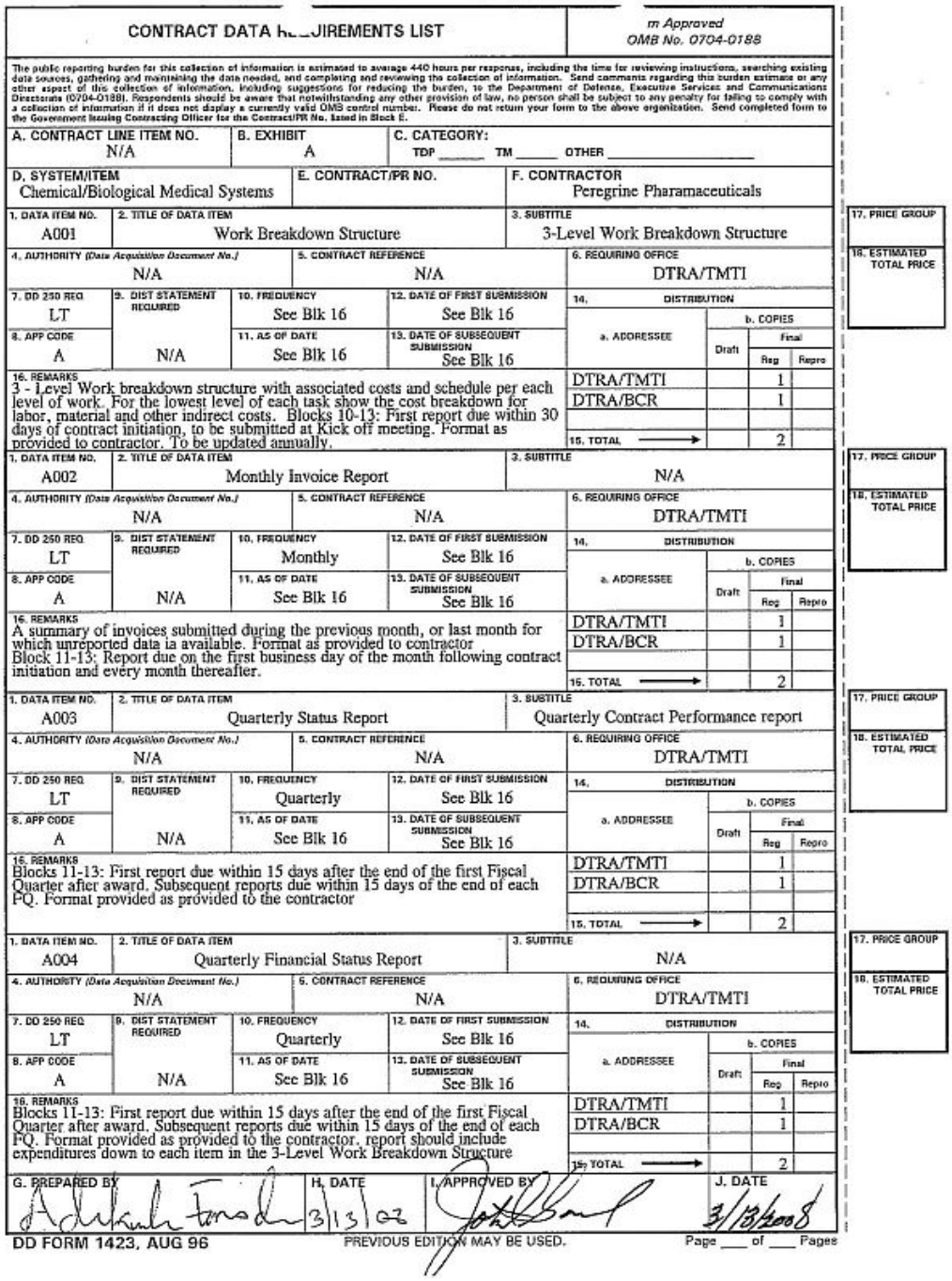
[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

STATEMENT OF WORK
Biological Advanced Development

April 30, 2008

[*]

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.



CONTRACT DATA REQUIREMENTS LIST

m Approved
OMB No. 0704-0188

A. CONTRACT LINE ITEM NO.	B. EXHIBIT	C. CATEGORY:
N/A	A	TDP _____ TM _____ OTHER _____

D. SYSTEM/ITEM	E. CONTRACT/PR NO.	F. CONTRACTOR
Chemical/Biological Medical Systems		Peregrine Pharamaceuticals

Item 1

1. DATA ITEM NO.	2. TITLE OF DATA ITEM	3. SUBTITLE	17. PRICE GROUP
A001	Work Breakdown Structure	3-Level Work Breakdown Structure	18. ESTIMATED TOTAL PRICE

4. AUTHORITY (Data Acquisition Document No.)	5. CONTRACT REFERENCE	6. REQUIRING OFFICE
N/A	N/A	DTRA/TMTI

7. DD 250 REQ	9. DIST STATEMENT REQUIRED	10. FREQUENCY	12. DATE OF FIRST SUBMISSION
LT		See Blk 16	See Blk 16
8. APP CODE		**11. AS OF DATE**	**13. DATE OF SUBSEQUENT SUBMISSION**
A	N/A	See Blk 16	See Blk 16

14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS
3 - Level Work breakdown structure with associated costs and schedule per each level of work. For the lowest level of each task show the cost breakdown for labor, material and other indirect costs. Blocks 10-13: First report due within 30 days of contract initiation, to be submitted at Kick off meeting. Format as provided to contractor. To be updated annually.

Item 2

1. DATA ITEM NO.	2. TITLE OF DATA ITEM	3. SUBTITLE	17. PRICE GROUP
A002	Monthly Invoice Report	N/A	18. ESTIMATED TOTAL PRICE

4. AUTHORITY (Data Acquisition Document No.)	5. CONTRACT REFERENCE	6. REQUIRING OFFICE
N/A	N/A	DTRA/TMTI

7. DD 250 REQ	9. DIST STATEMENT REQUIRED	10. FREQUENCY	12. DATE OF FIRST SUBMISSION
LT		Monthly	See Blk 16
8. APP CODE		**11. AS OF DATE**	**13. DATE OF SUBSEQUENT SUBMISSION**
A	N/A	See Blk 16	See Blk 16

14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS
A summary of invoices submitted during the previous month, or last month for which unreported data ia available. Format as provided to contractor
Block 11-13: Report due on the first business day of the month following contract initiation and every month thereafter.

Item 3

1. DATA ITEM NO.	2. TITLE OF DATA ITEM	3. SUBTITLE	17. PRICE GROUP
A003	Quarterly Status Report	Quarterly Contract Performance report	18. ESTIMATED TOTAL PRICE

4. AUTHORITY (Data Acquisition Document No.)	5. CONTRACT REFERENCE	6. REQUIRING OFFICE
N/A	N/A	DTRA/TMTI

7. DD 250 REQ	9. DIST STATEMENT REQUIRED	10. FREQUENCY	12. DATE OF FIRST SUBMISSION
LT		Quarterly	See Blk 16
8. APP CODE		**11. AS OF DATE**	**13. DATE OF SUBSEQUENT SUBMISSION**
A	N/A	See Blk 16	See Blk 16

14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS
Blocks 11-13: First report due within 15 days after the end of the first Fiscal Quarter after award. Subsequent reports due within 15 days of the end of each PQ. Format provided as provided to the contractor

Item 4

1. DATA ITEM NO.	2. TITLE OF DATA ITEM	3. SUBTITLE	17. PRICE GROUP
A004	Quarterly Financial Status Report	N/A	18. ESTIMATED TOTAL PRICE

4. AUTHORITY (Data Acquisition Document No.)	5. CONTRACT REFERENCE	6. REQUIRING OFFICE
N/A	N/A	DTRA/TMTI

7. DD 250 REQ	9. DIST STATEMENT REQUIRED	10. FREQUENCY	12. DATE OF FIRST SUBMISSION
LT		Quarterly	See Blk 16
8. APP CODE		**11. AS OF DATE**	**13. DATE OF SUBSEQUENT SUBMISSION**
A	N/A	See Blk 16	See Blk 16

14. DISTRIBUTION

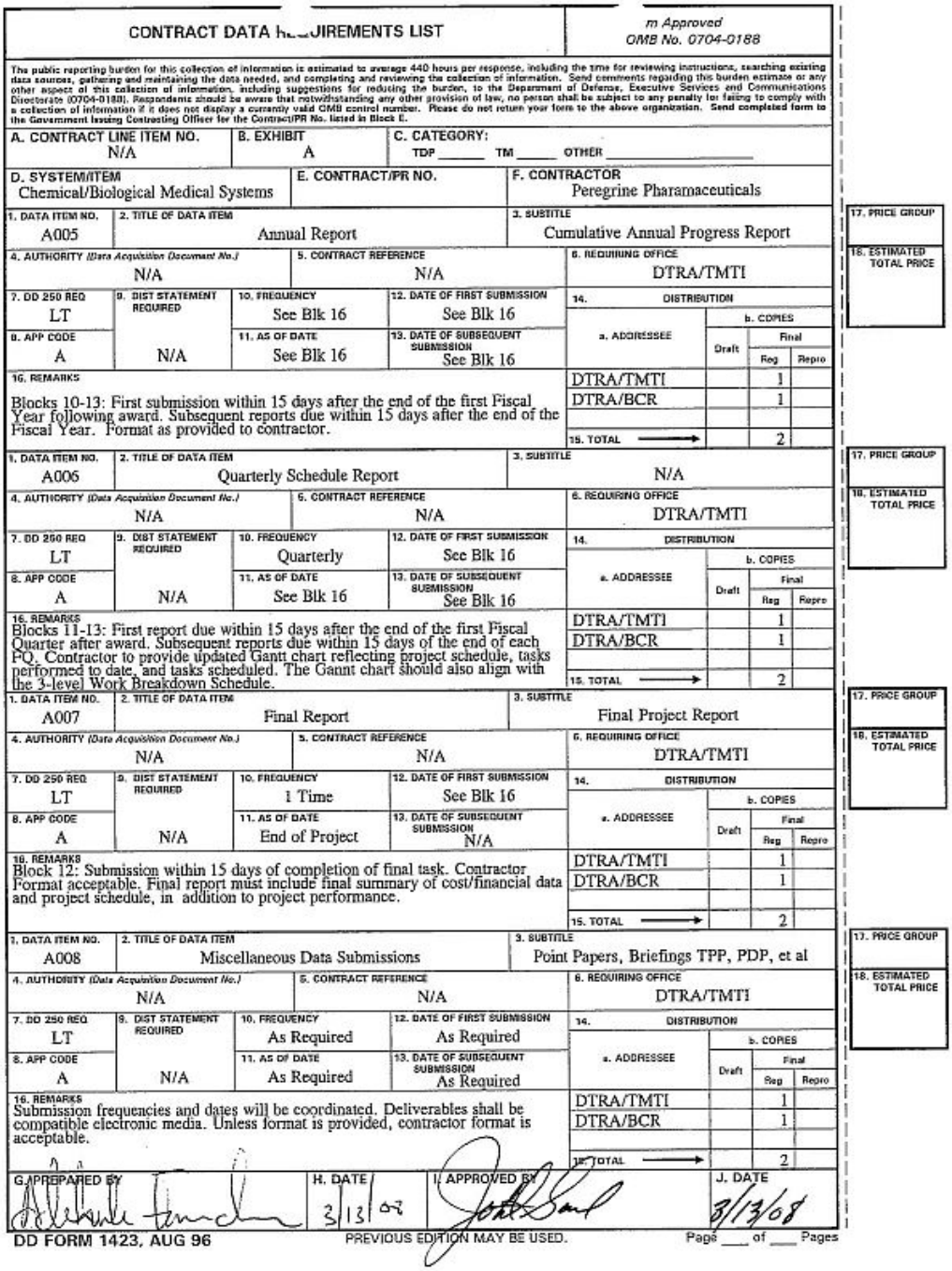
a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS
Blocks 11-13: First report due within 15 days after the end of the first Fiscal Quarter after award. Subsequent reports due within 15 days of the end of each PQ. Format provided as provided to the contractor. report should include expenditures down to each item in the 3-Level Work Breakdown Structure

G. PREPARED BY	H. DATE	I. APPROVED BY	J. DATE
[signature]	3/13/08	[signature]	3/13/2008

DD FORM 1423, AUG 96 PREVIOUS EDITION MAY BE USED. Page ___ of ___ Pages

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.



CONTRACT DATA REQUIREMENTS LIST

Form Approved
OMB No. 0704-0188

The public reporting burden for this collection of information is estimated to average 440 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Executive Services and Communications Directorate (0704-0188). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. Please do not return your form to the above organization. Send completed form to the Government Issuing Contracting Officer for the Contract/PR No. listed in Block E.

A. CONTRACT LINE ITEM NO.	B. EXHIBIT	C. CATEGORY: TDP ____ TM ____ OTHER ____
N/A	A	

D. SYSTEM/ITEM	E. CONTRACT/PR NO.	F. CONTRACTOR
Chemical/Biological Medical Systems		Peregrine Pharamaceuticals

Block 1

1. DATA ITEM NO.	2. TITLE OF DATA ITEM	3. SUBTITLE	17. PRICE GROUP
A005	Annual Report	Cumulative Annual Progress Report	18. ESTIMATED TOTAL PRICE

4. AUTHORITY (Data Acquisition Document No.)	5. CONTRACT REFERENCE	6. REQUIRING OFFICE
N/A	N/A	DTRA/TMTI

7. DD 250 REQ	8. APP CODE	9. DIST STATEMENT REQUIRED	10. FREQUENCY	11. AS OF DATE	12. DATE OF FIRST SUBMISSION	13. DATE OF SUBSEQUENT SUBMISSION
LT	A	N/A	See Blk 16	See Blk 16	See Blk 16	See Blk 16

14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS

Blocks 10-13: First submission within 15 days after the end of the first Fiscal Year following award. Subsequent reports due within 15 days after the end of the Fiscal Year. Format as provided to contractor.

Block 2

1. DATA ITEM NO.	2. TITLE OF DATA ITEM	3. SUBTITLE	17. PRICE GROUP
A006	Quarterly Schedule Report	N/A	18. ESTIMATED TOTAL PRICE

4. AUTHORITY (Data Acquisition Document No.)	5. CONTRACT REFERENCE	6. REQUIRING OFFICE
N/A	N/A	DTRA/TMTI

7. DD 250 REQ	8. APP CODE	9. DIST STATEMENT REQUIRED	10. FREQUENCY	11. AS OF DATE	12. DATE OF FIRST SUBMISSION	13. DATE OF SUBSEQUENT SUBMISSION
LT	A	N/A	Quarterly	See Blk 16	See Blk 16	See Blk 16

14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS

Blocks 11-13: First report due within 15 days after the end of the first Fiscal Quarter after award. Subsequent reports due within 15 days of the end of each FQ. Contractor to provide updated Gantt chart reflecting project schedule, tasks performed to date, and tasks scheduled. The Gannt chart should also align with the 3-level Work Breakdown Schedule.

Block 3

1. DATA ITEM NO.	2. TITLE OF DATA ITEM	3. SUBTITLE	17. PRICE GROUP
A007	Final Report	Final Project Report	18. ESTIMATED TOTAL PRICE

4. AUTHORITY (Data Acquisition Document No.)	5. CONTRACT REFERENCE	6. REQUIRING OFFICE
N/A	N/A	DTRA/TMTI

7. DD 250 REQ	8. APP CODE	9. DIST STATEMENT REQUIRED	10. FREQUENCY	11. AS OF DATE	12. DATE OF FIRST SUBMISSION	13. DATE OF SUBSEQUENT SUBMISSION
LT	A	N/A	1 Time	End of Project	See Blk 16	N/A

14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS

Block 12: Submission within 15 days of completion of final task. Contractor Format acceptable. Final report must include final summary of cost/financial data and project schedule, in addition to project performance.

Block 4

1. DATA ITEM NO.	2. TITLE OF DATA ITEM	3. SUBTITLE	17. PRICE GROUP
A008	Miscellaneous Data Submissions	Point Papers, Briefings TPP, PDP, et al	18. ESTIMATED TOTAL PRICE

4. AUTHORITY (Data Acquisition Document No.)	5. CONTRACT REFERENCE	6. REQUIRING OFFICE
N/A	N/A	DTRA/TMTI

7. DD 250 REQ	8. APP CODE	9. DIST STATEMENT REQUIRED	10. FREQUENCY	11. AS OF DATE	12. DATE OF FIRST SUBMISSION	13. DATE OF SUBSEQUENT SUBMISSION
LT	A	N/A	As Required	As Required	As Required	As Required

14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

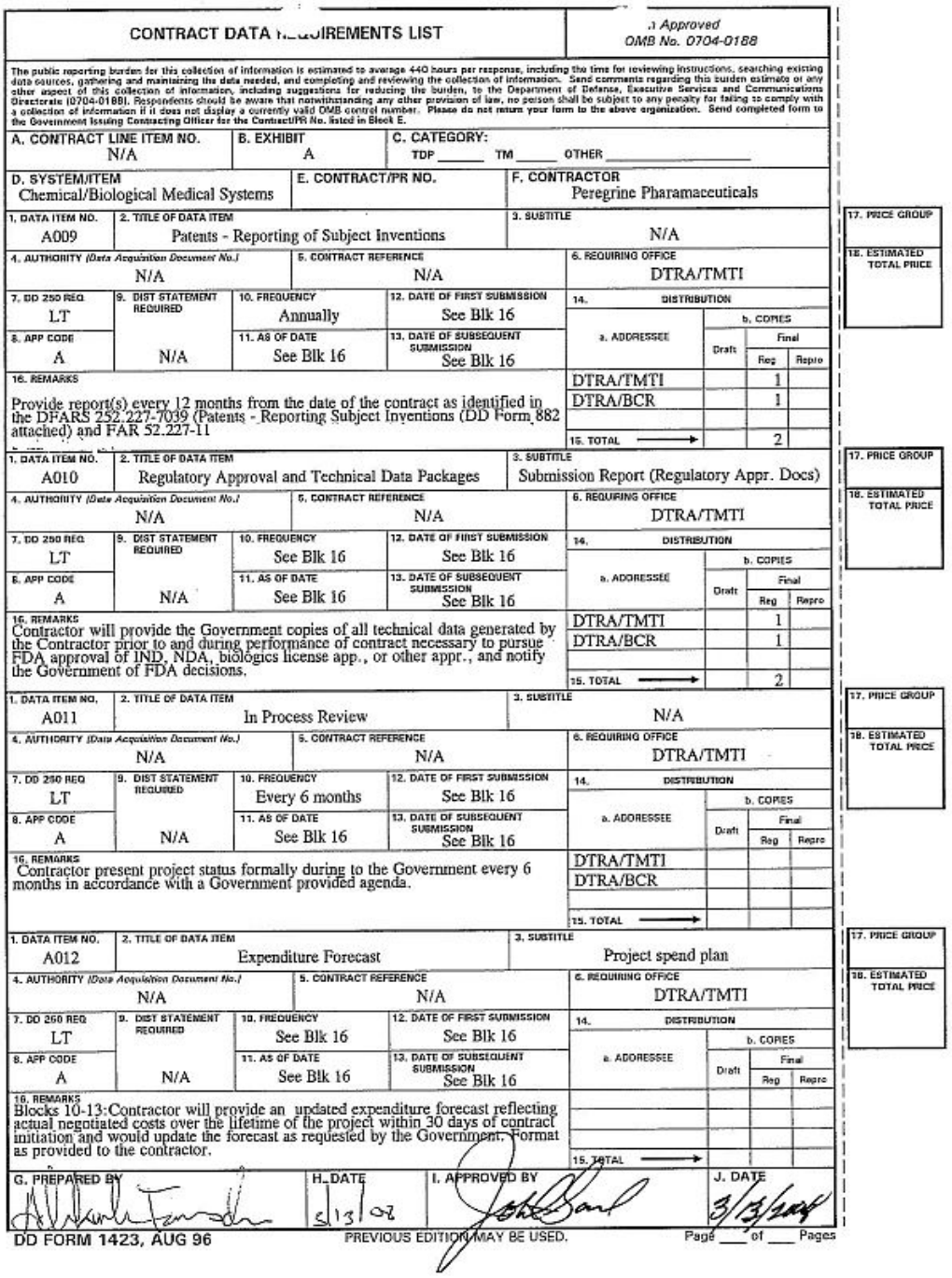
16. REMARKS

Submission frequencies and dates will be coordinated. Deliverables shall be compatible electronic media. Unless format is provided, contractor format is acceptable.

G. PREPARED BY	H. DATE	I. APPROVED BY	J. DATE
	3/13/08		3/13/08

DD FORM 1423, AUG 96 PREVIOUS EDITION MAY BE USED. Page ___ of ___ Pages

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.



CONTRACT DATA REQUIREMENTS LIST

Approved
OMB No. 0704-0188

The public reporting burden for this collection of information is estimated to average 440 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Executive Services and Communications Directorate (0704-0188). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number. Please do not return your form to the above organization. Send completed form to the Government Issuing Contracting Officer for the Contract/PR No. listed in Block E.

A. CONTRACT LINE ITEM NO.: N/A
B. EXHIBIT: A
C. CATEGORY: TDP _____ TM _____ OTHER _____
D. SYSTEM/ITEM: Chemical/Biological Medical Systems
E. CONTRACT/PR NO.:
F. CONTRACTOR: Peregrine Pharamaceuticals

Block 1
1. DATA ITEM NO.: A009
2. TITLE OF DATA ITEM: Patents - Reporting of Subject Inventions
3. SUBTITLE: N/A
4. AUTHORITY (Data Acquisition Document No.): N/A
5. CONTRACT REFERENCE: N/A
6. REQUIRING OFFICE: DTRA/TMTI
7. DD 250 REQ: LT
8. APP CODE: A
9. DIST STATEMENT REQUIRED: N/A
10. FREQUENCY: Annually
11. AS OF DATE: See Blk 16
12. DATE OF FIRST SUBMISSION: See Blk 16
13. DATE OF SUBSEQUENT SUBMISSION: See Blk 16
14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS: Provide report(s) every 12 months from the date of the contract as identified in the DFARS 252.227-7039 (Patents - Reporting Subject Inventions (DD Form 882 attached) and FAR 52.227-11
17. PRICE GROUP
18. ESTIMATED TOTAL PRICE

Block 2
1. DATA ITEM NO.: A010
2. TITLE OF DATA ITEM: Regulatory Approval and Technical Data Packages
3. SUBTITLE: Submission Report (Regulatory Appr. Docs)
4. AUTHORITY (Data Acquisition Document No.): N/A
5. CONTRACT REFERENCE: N/A
6. REQUIRING OFFICE: DTRA/TMTI
7. DD 250 REQ: LT
8. APP CODE: A
9. DIST STATEMENT REQUIRED: N/A
10. FREQUENCY: See Blk 16
11. AS OF DATE: See Blk 16
12. DATE OF FIRST SUBMISSION: See Blk 16
13. DATE OF SUBSEQUENT SUBMISSION: See Blk 16
14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI		1	
DTRA/BCR		1	
15. TOTAL →		2	

16. REMARKS: Contractor will provide the Government copies of all technical data generated by the Contractor prior to and during performance of contract necessary to pursue FDA approval of IND, NDA, biologics license app., or other appr., and notify the Government of FDA decisions.
17. PRICE GROUP
18. ESTIMATED TOTAL PRICE

Block 3
1. DATA ITEM NO.: A011
2. TITLE OF DATA ITEM: In Process Review
3. SUBTITLE: N/A
4. AUTHORITY (Data Acquisition Document No.): N/A
5. CONTRACT REFERENCE: N/A
6. REQUIRING OFFICE: DTRA/TMTI
7. DD 250 REQ: LT
8. APP CODE: A
9. DIST STATEMENT REQUIRED: N/A
10. FREQUENCY: Every 6 months
11. AS OF DATE: See Blk 16
12. DATE OF FIRST SUBMISSION: See Blk 16
13. DATE OF SUBSEQUENT SUBMISSION: See Blk 16
14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
DTRA/TMTI			
DTRA/BCR			
15. TOTAL →			

16. REMARKS: Contractor present project status formally during to the Government every 6 months in accordance with a Government provided agenda.
17. PRICE GROUP
18. ESTIMATED TOTAL PRICE

Block 4
1. DATA ITEM NO.: A012
2. TITLE OF DATA ITEM: Expenditure Forecast
3. SUBTITLE: Project spend plan
4. AUTHORITY (Data Acquisition Document No.): N/A
5. CONTRACT REFERENCE: N/A
6. REQUIRING OFFICE: DTRA/TMTI
7. DD 250 REQ: LT
8. APP CODE: A
9. DIST STATEMENT REQUIRED: N/A
10. FREQUENCY: See Blk 16
11. AS OF DATE: See Blk 16
12. DATE OF FIRST SUBMISSION: See Blk 16
13. DATE OF SUBSEQUENT SUBMISSION: See Blk 16
14. DISTRIBUTION

a. ADDRESSEE	b. COPIES Draft	Final Reg	Final Repro
15. TOTAL →			

16. REMARKS: Blocks 10-13:Contractor will provide an updated expenditure forecast reflecting actual negotiated costs over the lifetime of the project within 30 days of contract initiation and would update the forecast as requested by the Government. Format as provided to the contractor.
17. PRICE GROUP
18. ESTIMATED TOTAL PRICE

G. PREPARED BY
H. DATE: 5/13/08
I. APPROVED BY
J. DATE: 3/13/08

DD FORM 1423, AUG 96 PREVIOUS EDITION MAY BE USED. Page ___ of ___ Pages

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Project Spend Plan: PERFORMER NAME, CONTRACT/ AGREEMENT NUMBER
CONTRACT/AGREEMENT PROJECT TITLE
Begin Date: Month 1
End Date: Month XX

Month	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	ETC
POP[1]	Base/ Option	Base/ Option	Base/ Option	Base/ Option	Base/ Option	Base/ Option	Base/ Option	Base/ Option	Base/ Option	Base/ Option	Base/ Option	Base/ Option
Planned Monthly Expenditure												
Tasks [2]												
Total POP Expenditure[3]												
Cumulative Total Expenditure[4]												

Notes:
1 – Period of Performance (POP) will be one of the following: Base or Option
2 – Tasks that would be performed during the month from SOW correlating to the month's planned expenditure (e.g., Task 1.4.1 from SOW)
3 – Total POP Expenditure is the total amount, including that month's planned expenditure, for that POP (e.g., for that option)
4 – Cumulative Total Expenditure is the total amount spent on the project so far, including all POPs

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Performer:
Project Name and Contract/MIPR/IACRO/OTA/Other Identification Number:
Report Submission Date:
Period Covered (From/To):
Prepared by (name/phone number/email):

Obligation Year, Period or ACRN	Amount Obligated to date	Invoice Numbers and Amount submitted in the reporting period	Cumulative Amount Invoiced	Comments (As Desired)

Obligation Year, Period or CLIN/ACRN – List each source of funding received. For example, list FY for MIPRs/IACROs, or Contract Line Item Number (CLIN)/Accounting Classification Reference Number (ACRN) for contracts.
Amount Obligated to date – List the total amount obligated for each funding source.
Invoice Numbers and Amount submitted for the Reporting period – List the invoice number and amount for invoices submitted during the reporting period for each funding source.
Cumulative Invoiced – Aggregated total since the beginning of the project.
Comments – As desired.

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Proposal Title:
Institution:
Contract Number:
Report Date:
Report Type (Identify whether the report is a Quarterly, Annual, or Final report):
Report Number (For quarterly, identify if it is the 1st, 2nd, or 3rd quarter report. For annual, identify it by the year):
Reporting Period (From/To):
Prepared By:
Contact Information (Phone, Fax, and E-mail):

Progress on Major Project Tasks Areas:

Task Number (From SOW)	TASK (From SOW)	Total funds budgeted for task	Projected start date of task	Projected completion date of task	Actual start date of task	Percent complete at end of reporting period	Actual task completion date	Costs associated with reporting period	Total costs to date

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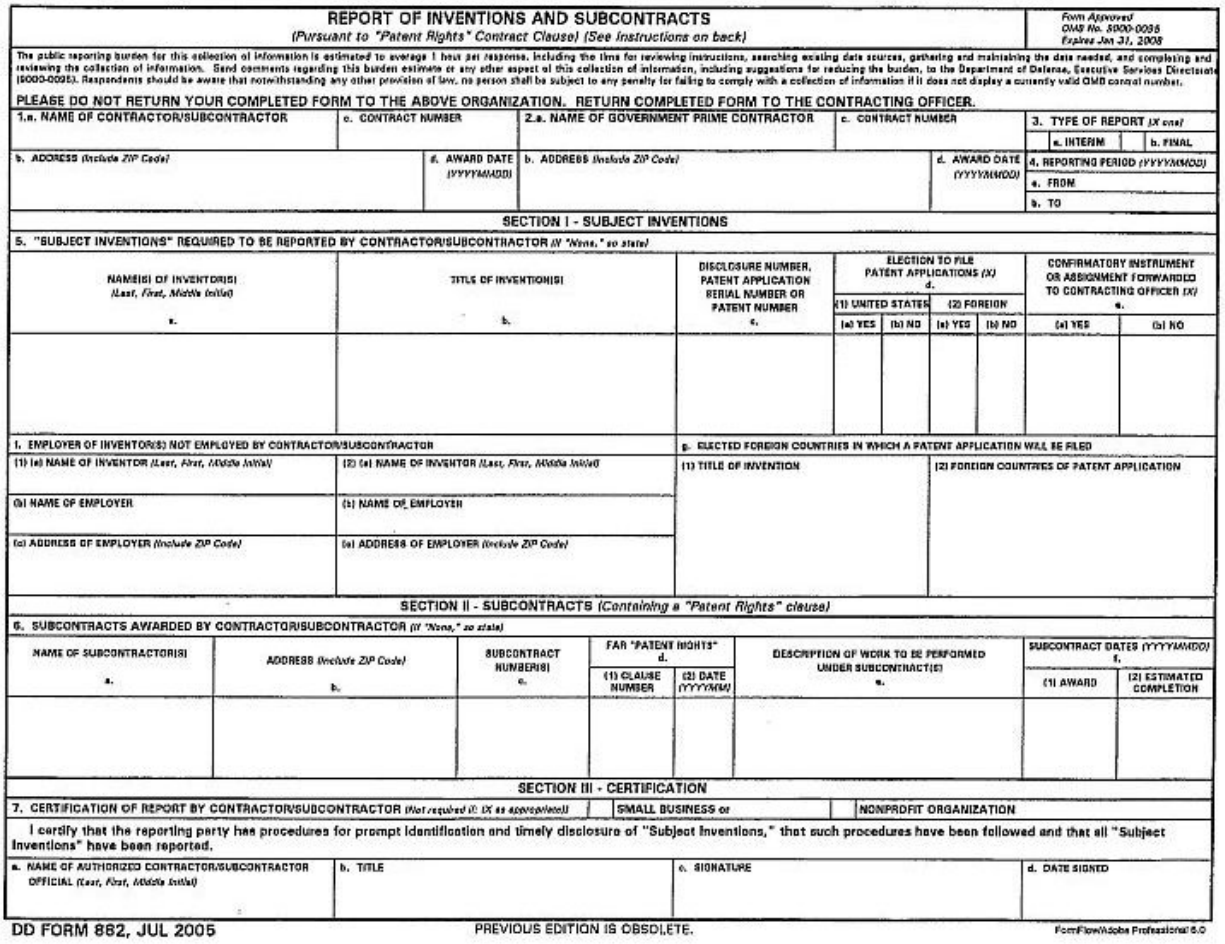

REPORT OF INVENTIONS AND SUBCONTRACTS

(Pursuant to "Patent Rights" Contract Clause) (See instructions on back)

Form Approved
OMB No. 0000-0000
Expires Jan 31, 2008

The public reporting burden for this collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to the Department of Defense, Executive Services Directorate (0000-0000). Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ORGANIZATION. RETURN COMPLETED FORM TO THE CONTRACTING OFFICER.

1.a. NAME OF CONTRACTOR/SUBCONTRACTOR	c. CONTRACT NUMBER	2.a. NAME OF GOVERNMENT PRIME CONTRACTOR	c. CONTRACT NUMBER	3. TYPE OF REPORT (X one)
				a. INTERIM ☐ b. FINAL ☐
b. ADDRESS (Include ZIP Code)	d. AWARD DATE (YYYYMMDD)	b. ADDRESS (Include ZIP Code)	d. AWARD DATE (YYYYMMDD)	d. REPORTING PERIOD (YYYYMMDD)
				e. FROM
				f. TO

SECTION I - SUBJECT INVENTIONS

5. "SUBJECT INVENTIONS" REQUIRED TO BE REPORTED BY CONTRACTOR/SUBCONTRACTOR (If "None," so state)

NAME(S) OF INVENTOR(S) (Last, First, Middle Initial) a.	TITLE OF INVENTION(S) b.	DISCLOSURE NUMBER, PATENT APPLICATION SERIAL NUMBER OR PATENT NUMBER c.	ELECTION TO FILE PATENT APPLICATIONS (X) d.				CONFIRMATORY INSTRUMENT OR ASSIGNMENT FORWARDED TO CONTRACTING OFFICER (X) e.	
			(1) UNITED STATES		(2) FOREIGN			
			(a) YES	(b) NO	(a) YES	(b) NO	(a) YES	(b) NO

f. EMPLOYER OF INVENTOR(S) NOT EMPLOYED BY CONTRACTOR/SUBCONTRACTOR		g. ELECTED FOREIGN COUNTRIES IN WHICH A PATENT APPLICATION WILL BE FILED	
(1) (a) NAME OF INVENTOR (Last, First, Middle Initial)	(2) (a) NAME OF INVENTOR (Last, First, Middle Initial)	(1) TITLE OF INVENTION	(2) FOREIGN COUNTRIES OF PATENT APPLICATION
(b) NAME OF EMPLOYER	(b) NAME OF EMPLOYER		
(c) ADDRESS OF EMPLOYER (Include ZIP Code)	(c) ADDRESS OF EMPLOYER (Include ZIP Code)		

SECTION II - SUBCONTRACTS *(Containing a "Patent Rights" clause)*

6. SUBCONTRACTS AWARDED BY CONTRACTOR/SUBCONTRACTOR (If "None," so state)

NAME OF SUBCONTRACTOR(S) a.	ADDRESS (Include ZIP Code) b.	SUBCONTRACT NUMBER(S) c.	FAR "PATENT RIGHTS" d.		DESCRIPTION OF WORK TO BE PERFORMED UNDER SUBCONTRACT(S) e.	SUBCONTRACT DATES (YYYYMMDD) f.	
			(1) CLAUSE NUMBER	(2) DATE (YYYYMM)		(1) AWARD	(2) ESTIMATED COMPLETION

SECTION III - CERTIFICATION

7. CERTIFICATION OF REPORT BY CONTRACTOR/SUBCONTRACTOR (Not required if, IX as appropriate) ☐ SMALL BUSINESS or ☐ NONPROFIT ORGANIZATION

I certify that the reporting party has procedures for prompt identification and timely disclosure of "Subject Inventions," that such procedures have been followed and that all "Subject Inventions" have been reported.

a. NAME OF AUTHORIZED CONTRACTOR/SUBCONTRACTOR OFFICIAL (Last, First, Middle Initial)	b. TITLE	c. SIGNATURE	d. DATE SIGNED

DD FORM 882, JUL 2005 PREVIOUS EDITION IS OBSOLETE. FormFlow/Adobe Professional 6.0

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

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DD FORM 882 INSTRUCTIONS

GENERAL

This form is for use in submitting INTERIM and FINAL invention reports to the Contracting Officer and for use in reporting the award of subcontracts containing a "Patent Rights" clause. If the form does not afford sufficient space, multiple forms may be used or plain sheets of paper with proper identification of information by item number may be attached.

An INTERIM report is due at least every 12 months from the date of contract award and shall include (a) a listing of "Subject Inventions" during the reporting period, (b) a certification of compliance with required invention identification and disclosure procedures together with a certification of reporting of all "Subject Inventions," and (c) any required information not previously reported on subcontracts containing a "Patent Rights" clause.

A FINAL report is due within 6 months if contractor is a small business firm or domestic nonprofit organization and within 3 months for all others after completion of the contract work and shall include (a) a listing of all "Subject Inventions" required by the contract to be reported, and (b) any required information not previously reported on subcontracts awarded during the course of or under the contract and containing a "Patent Rights" clause.

While the form may be used for simultaneously reporting inventions and subcontracts, it may also be used for reporting, promptly after award, subcontracts containing a "Patent Rights" clause.

Dates shall be entered where indicated in certain items on this form and shall be entered in six or eight digit numbers in the order of year and month (YYYYMM) or year, month and day (YYYYMMDD). Example: April 2005 should be entered as 200504 and April 15, 2005 should be entered as 20050415.

1.a. Self-explanatory.

1.b. Self-explanatory.

1.c. If "same" as Item 2.c., so state.

1.d. Self-explanatory.

2.a. If "same" as Item 1.e., so state.

2.b. Self-explanatory.

2.c. Procurement Instrument Identification (PII) number of contract (DFARS 204.7003).

2.d. through 5.e. Self-explanatory.

5.f. The name and address of the employer of each inventor not employed by the contractor or subcontractor is needed because the Government's rights in a reported invention may not be determined solely by the terms of the "Patent Rights" clause in the contract.

Example 1: If an invention is made by a Government employee assigned to work with a contractor, the Government rights in such an invention will be determined under Executive Order 10096.

Example 2: If an invention is made under a contract by joint inventors and one of the inventors is a Government employee, the Government's rights in such an inventor's interest in the invention will also be determined under Executive Order 10096, except where the contractor is a small business or nonprofit organization, in which case the provisions of 35 U.S.C. 202(e) will apply.

5.g.(1) Self-explanatory.

5.g.(2) Self-explanatory with the exception that the contractor or subcontractor shall indicate, if known at the time of this report, whether applications will be filed under either the Patent Cooperation Treaty (PCT) or the European Patent Convention (EPC). If such is known, the letters PCT or EPC shall be entered after each listed country.

6.a. Self-explanatory.

6.b. Self-explanatory.

6.c. Self-explanatory.

6.d. Patent Rights Clauses are located in FAR 52.227.

6.e. Self-explanatory.

6.f. Self-explanatory.

7. Certification not required by small business firms and domestic nonprofit organizations.

7.a. through 7.d. Self-explanatory.

DD FORM 882 (BACK), JUL 2005

[*] The following portion has been omitted pursuant to a Confidential Treatment Request under Rule 24b-2 of the Securities Exchange Act of 1934 and has been filed separately with the Securities and Exchange Commission.

Exhibit 31.1

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Steven W. King, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Peregrine Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 8, 2008

Signed: **/s/ STEVEN W. KING**
Steven W. King
President, Chief Executive Officer, and Director

Exhibit 31.2

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Paul J. Lytle, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Peregrine Pharmaceuticals, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the periods covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: September 8, 2008

Signed: **/s/ PAUL J. LYTLE**
Paul J. Lytle
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven W. King, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Peregrine Pharmaceuticals, Inc. on Form 10-Q for the quarter ended July 31, 2008 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report of Peregrine Pharmaceuticals, Inc. on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Peregrine Pharmaceuticals, Inc.

By:	**/s/ STEVEN W. KING**
Name:	Steven W. King
Title:	President, Chief Executive Officer, and Director
Date:	September 8, 2008

I, Paul J. Lytle, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Peregrine Pharmaceuticals, Inc. on Form 10-Q for the quarter ended July 31, 2008 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Quarterly Report of Peregrine Pharmaceuticals, Inc. on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Peregrine Pharmaceuticals, Inc.

By:	**/s/ PAUL J. LYTLE**
Name:	Paul J. Lytle
Title:	Chief Financial Officer
Date:	September 8, 2008

A signed original of this written statement required by Section 906 has been provided to Peregrine Pharmaceuticals, Inc. and will be retained by Peregrine Pharmaceuticals, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

This Certification is being furnished pursuant to Rule 15(d) and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. This Certification shall not be deemed to be incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.